for their sales forces—outstripped the consumer side in growth. Sales incentives moved up by 5.6 percent over 1981 levels, while dealer promotion advanced just 3.3 percent and consumer activity only 2.5 percent.

The largest percentage expansion occurred in business gifts, which moved up 8.8 percent over 1981. This is probably due in part to the fact that most of this spending comes in the last months of the year—when the sky was beginning to look a little brighter.

When all the estimates were counted, incentive marketing did not go beyond the $10 billion mark in 1982 as had been expected, but reached a total estimated outlay of $9,779,217,000.

By far the largest cutback came for Banks and Savings & Loan Associations, estimated down 29.1 percent from the 1981 level of usage. Last year was a time of deregulation for the financial institutions, and interest rates became the focus of promotion. And late in the year, with authorization of a new type of money-market bank account, an even greater wave of rate promotion began to cut more deeply into incentive promotion in the financial field, making premiums far less prevalent in 1983. An oversupply of deposit funds also contributed heavily to slowing promotion by banks and S&Ls.

Other losers in the 1982 estimates were Housewares & Home Furnishings, whose incentive expenditures dipped two percent below the previous year, and Farm Equipment, a troubled industry that kept trying but could not motivate hard-pressed farmers to buy—and spent 0.7 percent less for incentives.

Even where the use of incentives remained at a fairly high level, results last year did not always seem to justify efforts. The average sales increase reported in sales force and dealer promotions was lower than any recent surveys have found. And a disturbing number of users reported no gain or even an actual decline in volume during their incentive campaigns. This experience hit 12 to 31 percent of the users responding, depending upon category of usage.

"We were glad to stay even with the year before" was a typical comment. "We were lucky to come out flat in a terrible year," one executive said. "The incentive program helped keep us from losing more ground," another pointed out. And "we were down—but not as much as our competitors."

Such results were reported by 12 percent of the users of merchandise incentives for salespeople—and they were the lucky ones. In sales force travel programs, 17 percent said they were losers. And on the dealer side, merchandise offers brought no gain for 19 percent,

THE INCENTIVE FIELD AT A GLANCE

ALL FIGURES: 000 OMITTED

	1981	% CHANGE	EXPENDITURES 1982	% CHANGE
SALES INCENTIVES	$2,188,921	7.7%	$1,760,893	5.2%
(Merchandise)	1,674,390	7.2	551,252	7.1
(Travel)	514,531	9.1	2,312,145	5.6
DEALER INCENTIVES	$1,642,531	5.4	1,122,693	2.9
(Merchandise)	1,090,544	5.4	574,727	4.1
(Travel)	551,987	6.7	1,697,420	3.3
MERCHANDISE TOTAL	$2,764,934	6.5	2,883,586	4.3
TRAVEL TOTAL	$1,066,518	7.9	1,125,979	5.6
TRADE TOTAL	$3,831,452	6.9	4,009,565	4.6
CONSUMER PREMIUMS	$2,737,058	6.5	875,122	2.6
Self-Liquidators	853,160	7.9	382,041	5.5
Free Mail-Ins	362,270	7.5	688,787	(1.5)
Direct Premiums	699,628	4.0	391,001	4.0
Factory Packs	375,973	5.2	298,002	4.2
Coupon Plans	286,092	6.9	169,699	6.1
Sweeps, Contests	159,935	10.9	2,804,652	2.5
TRADING STAMPS	483,000	5.5	507,000	5.0
OTHER RETAIL	1,430,000	11.3	1,501,000	5.0
BUSINESS GIFTS	880,000	18.0	957,000	8.8
TOTAL USAGE	**$9,361,510**	**8.3%**	**$9,779,217**	**4.5%**

Change in IM survey publishing schedule

With this year's survey, we begin a change which will put the **IM** surveys on a more current basis. In February 1984, we will publish an updated report on incentive expenditures in 1983, and an estimate for 1984. Then, in the December 1984 issue, we plan to publish estimates for incentive usages in the current year.

while dealer travel users suffered most—31 percent of them saying their incentives did not motivate sales growth.

These reports were made in the first half of this year by executives completing **IM's** census questionnaire, and they are comparable with those filed a year earlier by a similar cross-section of incentive users. In the history of the FACTS surveys, we have never before segregated losers—the few respondents who did not report some increase in volume were simply entered as zeros in the tabulation. If that had been done for the 1982 results, the averages would have been depressed much more. Even with the few zero entries eliminated, the average of sales gains dropped for three of the four techniques.

The best results were achieved by companies conducting travel campaigns for salespeople. Their sales increases averaged 14 percent—down two points from 1981 estimates.

Everybody else contributed to averages of 11 percent in the three other categories. In the case of sales force merchandise promotions, that was down from a year-before average of 14 percent. In dealer promotion, merchandise users stayed level at an average of 11 percent—while that result represented a drop from 13 percent in the travel column.

Sales increase as a measure of promotion results is a fairly subjective yardstick. It must naturally relate to the total environment in which the incentive effort is made. Thus it may be arguable whether promotions were really less "effective" last year because sales numbers were smaller. Being able to gain 11 percent—or even four or five percent, as many did—in the 1982 economy may be a more commendable accomplishment than a gain of 15 or even 20 percent in a less stagnant economy. This is rather apparent in the comments of many users, some of which have been quoted here. Considering the alternatives, any marketing tool that could stem the decline was most welcome to many companies—even if the effect was temporary.

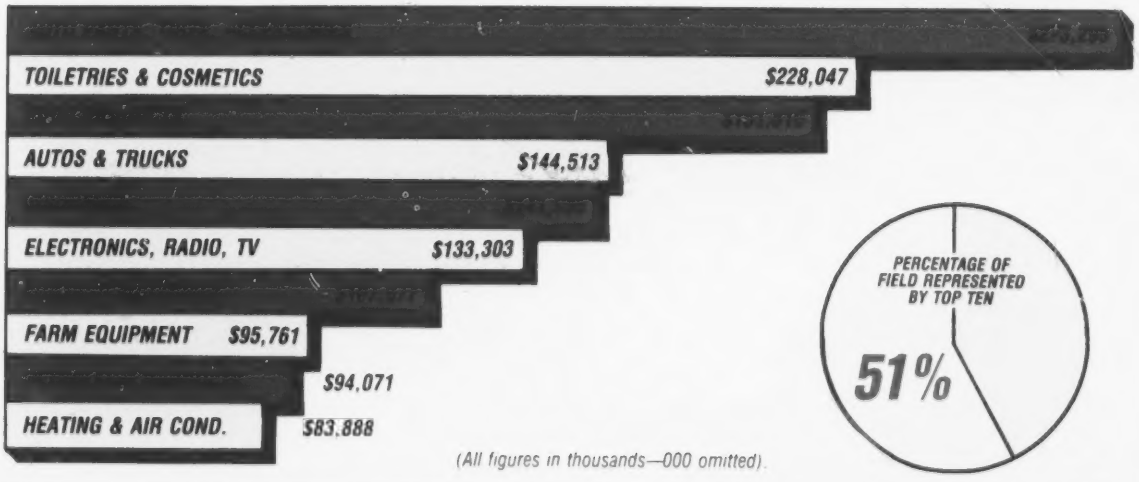
TOTAL DOLLAR VOLUME OF INCENTIVE USAGE

1982	$ 9,779,217,000
1981	$ 9,361,510,000
1980	$ 8,664,251,000
1979	$ 7,696,138,000
1978	$ 6,719,687,000
1977	$ 5,841,575,000
1976	$ 5,026,535,000
1975	$ 4,236,305,000
1974	$ 4,829,964,000
1973	$ 5,023,184,000
1972	$ 4,649,653,000
1971	$ 4,222,505,000
1970	$ 3,793,000,000
1969	$ 3,772,000,000
1968	$ 3,598,000,000
1967	$ 3,218,000,000

Source: IM survey 1967-1982

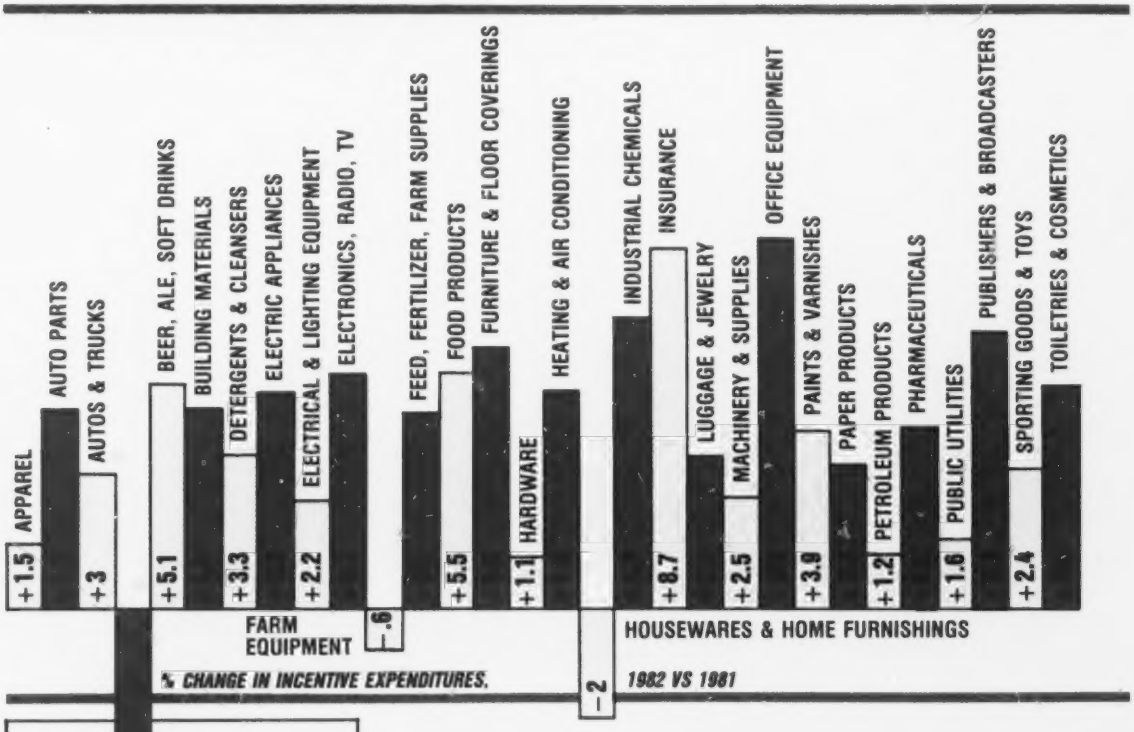
Although 1982 was a relatively flat year for advancement in application of incentive techniques—and there have been others—it is worth noting that the field has tripled in dollar expenditures in 15 years. The first FACTS survey, done in 1968, estimated '67 usage at

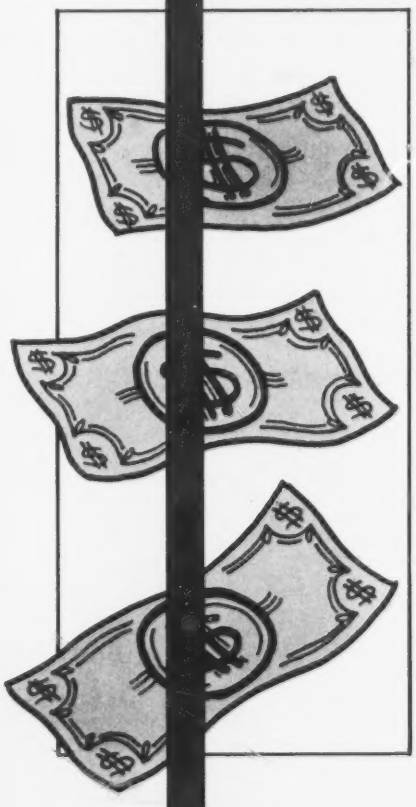
TOP TEN MERCHANDISE TRADE INCENTIVE USERS (1982)



(All figures in thousands—000 omitted).

HOW THE INDUSTRIES DID





$3,218,000,000.

Industry usage of incentives has shifted somewhat in those years, although changes have not been revolutionary. Now, as then, feeding the American public consumes the biggest part of incentive investments. Food industries account for well over $2 billion of 1982 spending for premium and incentive promotions. Retail grocers led with an estimate of $1.02 billion, followed closely by food products manufacturers at more than $958 million. Beer, ale, and soft drinks added over $137 million—and an uncertain, but large, share of the $708 million invested by distributors and wholesalers was in the food field.

The Food Products category led all manufacturing and service industries reported in the survey, as it has consistently in the past. There was relatively little change in rankings of industries as incentive users, except for the slippage of two of the three groups that reduced expenditures last year. The biggest loser, Banks and Savings & Loans declined from seventh place among all users to thirteenth. And makers of Housewares & Home Furnishings, twelfth largest user the year before, finished fourteenth in 1982.

We have what we call the "200 Millionaires' Club"—up from the Hundred Millionaires' Club to accommodate inflation. There were eight members of this group in the 1981 estimates. For 1982, with the departure of the financial institutions from the bottom of the list, seven remain. These seven industry groups accounted for about 39 percent of the 1982 total spending of $9,779,217,000:

- **Retail Grocers $1,018,000,000**
- **Food Products 958,834,000**
- **Toiletries & Cosmetics 512,812,000**
- **Auto Parts, Tires, Accessories 445,546,000**

- **Insurance** **346,279,000**
- **Electronics, Radio, TV** **276,556,000**
- **Automobiles & Trucks** **241,726,000**

The Banks and Savings & Loans category, which spent an estimated $217,254,000 on incentive promotion in 1981, dropped to $154,131,000 in the '82 reports. The financial institutions' defection had a major effect on two large categories of consumer promotion. Direct premiums, which they cut back 35 percent, would have scored an overall 3.1-percent increase instead of a 1.5-percent drop if the bankers had just stayed even for the year. In self-liquidators, they cut in half what might have been a 5.2-percent advance in 1982.

Those two types of consumer promotions account for about three-fourths of all incentive spending by financial institutions. Their only other significant expenditure is for merchandise sales incentives—internal promotions to stimulate selling effort by employees. Here they also cut back rather sharply by 15.2 percent below the 1981 level. Clearly the bankers severely curtailed all special promotion efforts when they began to hang their hopes on interest-rate advertising. And it seems likely that the full effects of this move will further reduce the incentive usage reflected in the 1983 estimates.

In most other industries, sales incentives fared better—increasing by 5.6 percent in total usage, from a 1981 estimate of $2,188,921,000 to $2,312,145,000 last year. The travel portion grew a bit faster than merchandise campaigns—by 7.1 compared with 5.2 percent. Travel last year took almost 24 percent of the total budget for motivating salespeople.

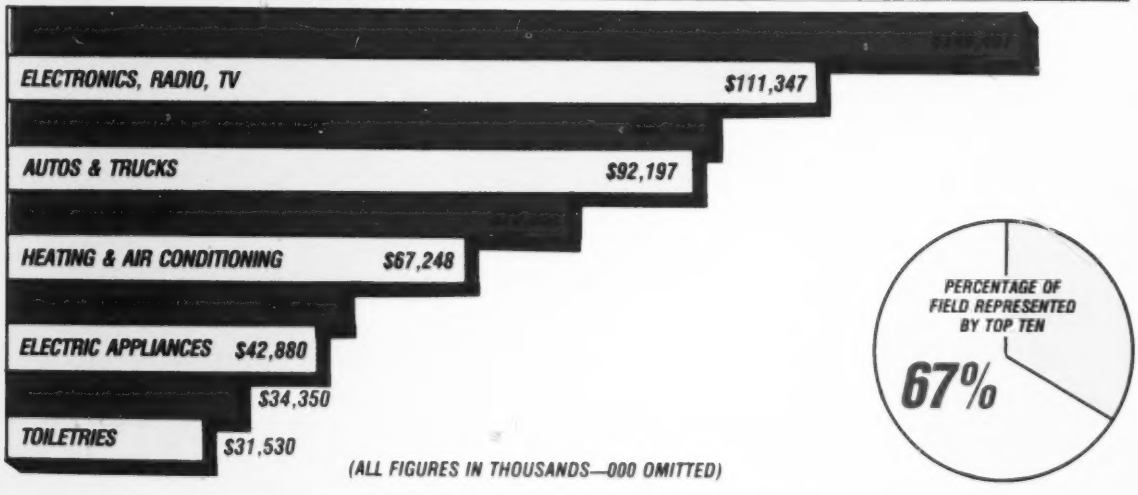
Travel also advanced a bit more on the dealer side, by 4.1 percent compared with 2.9-percent growth in merchandise promotion. And travel got a larger share of total spending, almost 34 percent. But all dealer incentive expenditure came to a 3.3-percent growth, from $1,642,531,000 to $1,697,420,000 —not keeping up with either inflation or the expansion of the total incentive field.

One hint of a brighter future: Business Gift expenditures, which are made late in the year, were up 8.8%, possibly anticipating a better 1983.

Insurance and Office Equipment were, as mentioned above, the sources of most new sales incentive dollars.

In consumer promotion, mail-ins ran slightly ahead of the rest. Although self-liquidators showed an overall growth of only 2.6 percent, this is somewhat distorted by including bank promotions. If they are excluded in both years, the remaining volume—mostly representative of more conventional mail-in promotions—rose by 5.7 percent last year.

TOP TEN INCENTIVE TRAVEL USERS (1982)



Insurance made the field's boldest move, boosting spending by 8.7%. Biggest disaster: Financial Institutions, which cut spending 29% as bankers shifted from premiums to interest rate wars.

Free mail-in offers did almost as well, up 5.5 percent over the 1981 budget. And sweepstakes accounted for 6.1 percent more in dollar outlays in 1982. The drop-off in financial institutions' use of sweepstakes—17.5 percent—was offset by growth elsewhere, most notably among Publishers, Printers & Broadcasters, whose sweepstakes usage jumped 27.5 percent.

Incentive promotion at the retail level last year ran slightly ahead of the overall average—up by five percent over 1981. All retail activity was estimated at a total of $2,008,000,000—the first time it has passed the $2 billion mark. In terms of techniques, trading stamps came in at $507 million, while all others—supermarket continuities, tape plans, direct premiums and so on—added up to about $1,501,000,000. Retail grocers accounted for the largest share, $1,018,000,000, with the remaining $990,000,000 attributed to all other types of retail businesses except banks.

With last year's slight edge in growth, sales incentives continued their gradual increase in share of the incentive field, as the largest single technique, accounting for 23.6 percent of all expenditures. Dealer incentives amounted to 17.4 percent of 1982 usage.

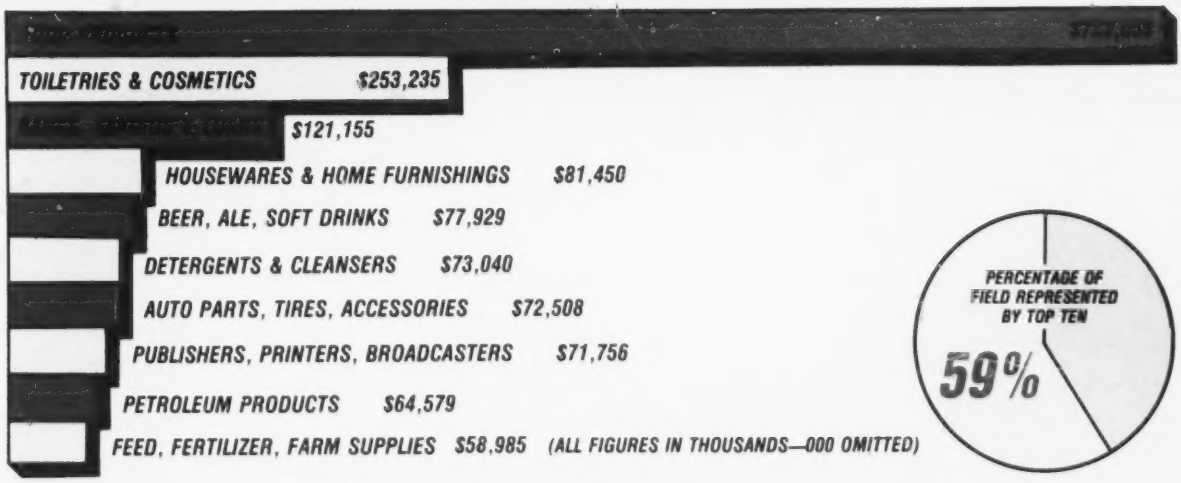
If all six consumer types other than retail are considered as a whole, they still dominate at 28.7 percent of the field. And the retail segment holds a 20.5-percent share. Business gifts last year cut a 9.8-percent slice of the pie, up from 9.4 percent the year before.

The people spending this money for incentive programs generally had little reason to be happy about any aspect of their marketing results in 1982. The economic climate took care of that. But many of them were relatively happy with the outcome of their incentive promotions—in the context of their market conditions. Their comments in many cases showed this: within the realm of the possible, incentives did what they were supposed to do.

That the possible was usually not enough in a deep recession was no reason to fault the tools that often mitigated the situation.

Most of these executives—with understandable caution—predicted they would increase their incentive spending in 1983. Indications for the year, through the first three quarters, are that they have done so—and that it may be starting to work more consistently in a less hostile environment. ■

TOP TEN CONSUMER PREMIUM USERS (1982)


TOILETRIES & COSMETICS $253,235
$121,155
HOUSEWARES & HOME FURNISHINGS $81,450
BEER, ALE, SOFT DRINKS $77,929
DETERGENTS & CLEANSERS $73,040
AUTO PARTS, TIRES, ACCESSORIES $72,508
PUBLISHERS, PRINTERS, BROADCASTERS $71,756
PETROLEUM PRODUCTS $64,579
FEED, FERTILIZER, FARM SUPPLIES $58,985
(ALL FIGURES IN THOUSANDS—000 OMITTED)
PERCENTAGE OF FIELD REPRESENTED BY TOP TEN
59%

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
APPAREL $36,601,000—UP 1.5%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$ 8,770,000	+ 1.1	$ 8,668,000	+ 3.0
	(Travel)	$ 2,186,000	+ 1.8	$ 2,146,000	+ 3.6
	Dealer Incentives				
	(Merchandise)	$ 6,186,000	− 0.1	$ 6,229,000	+ 1.6
	(Travel)	$ 121,000	+ 3.4	$ 117,000	− 3.4
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 5,312,000	+ 2.7	$ 5,171,000	+ 2.7
	Free Mail-Ins	$ 1,421,000	+14.6	$ 1,240,000	− 3.3
	Coupon Plans	$ 307,000	− 8.9	$ 337,000	− 6.4
	Factory Packs	$ 4,278,000	− 1.6	$ 4,346,000	− 7.1
	Direct Premiums	$ 6,089,000	+ 1.8	$ 5,980,000	− 2.7
	Sweepstakes	$ 1,931,000	+ 7.8	$ 1,791,000	+ 0.6
AUTO PARTS, TIRES, ETC. $445,546,000—UP 4.3%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$135,468,000	+ 5.6	$128,248,000	+ 4.7
	(Travel)	$ 55,824,000	+11.8	$ 49,902,000	+ 7.1
	Dealer Incentives				
	(Merchandise)	$137,827,000	+ 1.4	$135,939,000	+ 3.9
	(Travel)	$ 43,919,000	+ 3.4	$ 42,478,000	+ 7.6
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 45,204,000	+ 3.2	$ 43,783,000	+ 4.3
	Free Mail-Ins	$ 1,269,000	− 8.4	$ 1,386,000	− 3.5
	Coupon Plans	$ 1,567,000	+ 4.6	$ 1,498,000	+ 4.1
	Factory Packs	$ 1,093,000	+ 5.2	$ 1,039,000	+12.6
	Direct Premiums	$ 17,011,000	+ 4.8	$ 16,230,000	− 4.4
	Sweepstakes	$ 6,364,000	+ 1.5	$ 6,271,000	− 2.1
AUTOMOBILES & TRUCKS $241,726,000—UP 3.0%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$104,461,000	+ 3.1	$101,355,000	− 1.5
	(Travel)	$ 17,881,000	+ 5.5	$ 16,947,000	+ 4.4
	Dealer Incentives				
	(Merchandise)	$ 40,052,000	+ 2.9	$ 38,936,000	− 6.6
	(Travel)	$ 74,316,000	+ 2.1	$ 72,782,000	+ 1.9
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 612,000	+13.1	$ 541,000	−30.3
	Free Mail-Ins	$ 222,000	+ 5.2	$ 211,000	−45.0
	Coupon Plans	0	—	0	—
	Factory Packs	$ 283,000	+ 8.4	$ 261,000	−31.9
	Direct Premiums	$ 2,117,000	+ 5.7	$ 2,003,000	−35.7
	Sweepstakes	$ 1,782,000	+15.0	$ 1,550,000	−40.0
BANKS, SAVINGS & LOANS $154,131,000—DOWN 29.1%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$ 28,418,000	−15.2	$ 33,528,000	+15.0
	(Travel)	$ 2,033,000	−27.0	$ 2,785,000	+11.3
	Dealer Incentives				
	(Merchandise)	$ 2,262,000	−25.1	$ 3,021,000	+ 5.7
	(Travel)	$ 263,000	−24.9	$ 350,000	− 8.2
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 54,407,000	−28.9	$ 76,549,000	+11.3
	Free Mail-Ins	$ 1,620,000	−31.5	$ 2,365,000	+ 9.8
	Coupon Plans	0	—	0	—
	Factory Packs	0	—	0	—
	Direct Premiums	$ 60,245,000	−35.0	$ 92,737,000	+ 3.4
	Sweepstakes	$ 4,883,000	−17.5	$ 5,919,000	+11.6

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
BEER, ALE, SOFT DRINKS *$137,235,000—UP 5.1%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$31,207,000	+ 4.4	$29,904,000	+10.0
	(Travel)	$ 8,011,000	+ 3.9	$ 7,713,000	+ 0.2
	Dealer Incentives				
	(Merchandise)	$15,997,000	+ 6.0	$15,089,000	+13.0
	(Travel)	$ 3,791,000	+ 3.4	$ 3,668,000	+ 3.9
	CONSUMER PREMIUMS				
	Self-Liquidators	$35,866,000	+ 5.6	$33,965,000	+16.1
	Free Mail-Ins	$ 5,358,000	+ 6.5	$ 5,032,000	+ 5.1
	Coupon Plans	$ 2,421,000	+ 1.8	$ 2,378,000	+13.5
	Factory Packs	$ 4,407,000	− 4.6	$ 4,619,000	− 4.2
	Direct Premiums	$24,817,000	+ 6.2	$23,368,000	+12.1
	Sweepstakes	$ 5,060,000	+ 3.6	$ 4,882,000	+18.6
BUILDING MATERIALS *$169,760,000—UP 4.6%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$66,204,000	+ 2.3	$64,723,000	+ 9.8
	(Travel)	$18,111,000	+ 6.7	$16,980,000	+19.8
	Dealer Incentives				
	(Merchandise)	$41,773,000	+ 4.5	$39,979,000	+ 0.4
	(Travel)	$16,239,000	+ 9.5	$14,831,000	+ 0.2
	CONSUMER PREMIUMS				
	Self-Liquidators	$11,813,000	+10.8	$10,657,000	+ 8.8
	Free Mail-Ins	$ 1,720,000	+11.4	$ 1,543,000	+ 2.1
	Coupon Plans	0	—	0	—
	Factory Packs	$ 557,000	+10.3	$ 505,000	+ 5.4
	Direct Premiums	$ 9,477,000	+ 1.2	$ 9,361,000	+ 2.6
	Sweepstakes	$ 3,866,000	+ 3.3	$ 3,743,000	+ 2.9
DETERGENTS & CLEANSERS *$139,670,000—UP 3.3%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$43,772,000	+ 4.0	$42,069,000	+10.3
	(Travel)	$ 2,034,000	+ 6.0	$ 1,919,000	+ 6.0
	Dealer Incentives				
	(Merchandise)	$20,443,000	+ 7.1	$19,080,000	+ 5.8
	(Travel)	$ 381,000	+ 9.8	$ 347,000	+ 7.7
	CONSUMER PREMIUMS				
	Self-Liquidators	$37,203,000	+ 3.3	$36,020,000	+ 7.5
	Free Mail-Ins	$ 6,481,000	+ 3.8	$ 6,245,000	+ 3.7
	Coupon Plans	$ 6,551,000	+ 3.0	$ 6,360,000	+ 5.1
	Factory Packs	$ 7,989,000	+ 3.6	$ 7,713,000	+ 2.7
	Direct Premiums	$12,327,000	+ 6.5	$11,571,000	+ 6.7
	Sweepstakes	$ 2,489,000	+ 6.5	$ 2,337,000	+ 8.6
ELECTRIC APPLIANCES *$105,456,000—UP 5.1%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$19,208,000	+ 6.3	$18,068,000	+ 7.6
	(Travel)	$ 8,242,000	+ 3.2	$ 7,989,000	+ 0.8
	Dealer Incentives				
	(Merchandise)	$20,023,000	+ 8.0	$18,543,000	+13.1
	(Travel)	$34,638,000	+ 4.6	$33,127,000	+ 4.0
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 6,283,000	+ 3.5	$ 6,070,000	+ 3.3
	Free Mail-Ins	$ 5,318,000	+ 0.8	$ 5,274,000	− 1.5
	Coupon Plans	$ 534,000	+ 4.7	$ 510,000	+ 5.3
	Factory Packs	$ 576,000	+11.2	$ 518,000	+19.9
	Direct Premiums	$ 9,143,000	+ 3.0	$ 8,870,000	+ 2.7
	Sweepstakes	$ 1,491,000	+11.9	$ 1,332,000	+10.2

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
ELECTRICAL & LIGHTING EQUIP. $64,871,000—UP 2.2%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$13,102,000	+ 2.7	$12,752,000	+10.7
	(Travel)	$ 6,006,000	+ 1.7	$ 5,904,000	+ 2.1
	Dealer Incentives				
	(Merchandise)	$26,041,000	+ 3.4	$25,184,000	+ 5.1
	(Travel)	$ 8,330,000	+ 0.7	$ 8,266,000	+ 2.7
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 1,821,000	+ 3.5	$ 1,760,000	+ 5.4
	Free Mail-Ins	$ 534,000	−18.4	$ 654,000	− 3.3
	Coupon Plans	$ 3,673,000	+ 0.4	$ 3,610,000	− 1.9
	Factory Packs	$ 1,081,000	+ 3.1	$ 1,048,000	+ 6.5
	Direct Premiums	$ 1,530,000	+ 2.5	$ 1,492,000	+ 2.4
	Sweepstakes	$ 2,803,000	+ 1.0	$ 2,776,000	+ 4.0
ELECTRONICS, RADIO, TV $276,556,000—UP 5.7%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$98,361,000	+ 7.9	$91,157,000	+ 8.5
	(Travel)	$33,011,000	+ 9.6	$30,108,000	+11.6
	Dealer Incentives				
	(Merchandise)	$34,942,000	+ 3.3	$33,839,000	+14.6
	(Travel)	$78,336,000	+ 2.7	$76,267,000	+ 9.2
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 5,318,000	+ 3.6	$ 5,132,000	+ 4.7
	Free Mail-Ins	$ 3,222,000	+ 1.8	$ 3,164,000	+ 5.7
	Coupon Plans	$ 6,031,000	+ 3.6	$ 5,822,000	+ 6.6
	Factory Packs	$ 1,604,000	+ 5.3	$ 1,523,000	+23.8
	Direct Premiums	$12,117,000	+ 7.4	$11,285,000	+10.1
	Sweepstakes	$ 3,614,000	+ 6.2	$ 3,403,000	+ 6.2
FARM EQUIPMENT $180,737,000—DOWN 0.6%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$24,881,000	− 1.6	$25,376,000	−10.9
	(Travel)	$21,715,000	+ 1.4	$21,406,000	+14.2
	Dealer Incentives				
	(Merchandise)	$70,880,000	− 2.1	$73,403,000	+ 3.2
	(Travel)	$53,617,000	+ 0.8	$53,195,000	+ 2.3
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 2,099,000	+ 3.1	$ 2,035,000	+ 4.4
	Free Mail-Ins	$ 955,000	+ 3.7	$ 921,000	− 6.9
	Coupon Plans	0	—	0	—
	Factory Packs	$ 1,080,000	+ 7.4	$ 1,006,000	+ 2.6
	Direct Premiums	$ 3,921,000	+ 0.6	$ 3,897,000	−10.6
	Sweepstakes	$ 1,589,000	− 1.9	$ 1,619,000	−11.9
FEED, FERTILIZER, FARM SUP. $146,331,000—UP 4.2%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$24,121,000	− 5.0	$23,256,000	+ 6.2
	(Travel)	$ 9,717,000	+ 1.5	$ 9,574,000	+ 1.7
	Dealer Incentives				
	(Merchandise)	$39,103,000	+ 3.6	$37,745,000	− 2.4
	(Travel)	$16,233,000	+ 6.0	$15,307,000	+ 1.5
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 8,683,000	+ 5.2	$ 8,251,000	+ 0.2
	Free Mail-Ins	$ 3,372,000	+ 5.3	$ 3,202,000	−10.5
	Coupon Plans	$21,628,000	+ 3.0	$20,988,000	+10.7
	Factory Packs	$ 3,550,000	+ 5.0	$ 3,381,000	+ 2.2
	Direct Premiums	$18,102,000	+ 6.9	$16,930,000	− 2.0
	Sweepstakes	$ 1,822,000	+ 2.0	$ 1,785,000	− 8.3

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
FOOD PRODUCTS $958,834,000—UP 5.5%	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 88,274,000	+10.0	$ 80,188,000	+ 9.8
	(Travel)	$ 16,044,000	+10.8	$ 14,479,000	+12.5
	Dealer Incentives				
	(Merchandise)	$ 73,536,000	+ 2.5	$ 71,721,000	+10.2
	(Travel)	$ 5,921,000	+ 4.8	$ 5,652,000	+11.8
	CONSUMER PREMIUMS				
	Self-Liquidators	$206,411,000	+ 8.4	$190,369,000	+ 8.9
	Free Mail-Ins	$196,525,000	+ 5.6	$186,166,000	+ 8.4
	Coupon Plans	$ 92,116,000	+ 2.4	$ 89,952,000	+ 7.9
	Factory Packs	$213,773,000	+ 2.5	$208,566,000	+ 5.8
	Direct Premiums	$ 39,211,000	+ 8.6	$ 36,097,000	+ 8.3
	Sweepstakes	$ 27,023,000	+10.9	$ 24,375,000	+21.4
FURNITURE, FLOOR COVERINGS $63,393,000—UP 5.9%	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 10,611,000	+12.4	$ 9,444,000	+ 7.6
	(Travel)	$ 3,035,000	+ 6.3	$ 2,854,000	+ 5.5
	Dealer Incentives				
	(Merchandise)	$ 26,883,000	+ 6.0	$ 25,348,000	+ 8.4
	(Travel)	$ 13,468,000	+ 2.5	$ 13,142,000	+11.1
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 2,744,000	+ 2.8	$ 2,670,000	+ 9.5
	Free Mail-Ins	$ 983,000	+ 8.5	$ 906,000	− 3.5
	Coupon Plans	0	—	0	—
	Factory Packs	$ 854,000	+ 3.3	$ 827,000	− 5.1
	Direct Premiums	$ 2,881,000	+ 1.8	$ 2,830,000	+ 3.4
	Sweepstakes	$ 1,934,000	+ 6.1	$ 1,822,000	+ 5.3
HARDWARE $24,306,000—UP 1.1%	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 6,247,000	+ 2.4	$ 6,103,000	+10.1
	(Travel)	$ 1,688,000	+ 3.4	$ 1,633,000	+ 6.8
	Dealer Incentives				
	(Merchandise)	$ 7,411,000	+ 0.5	$ 7,375,000	+ 3.7
	(Travel)	$ 652,000	− 3.3	$ 674,000	+12.0
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 1,582,000	+ 2.5	$ 1,543,000	+ 6.1
	Free Mail-Ins	$ 1,188,000	− 1.5	$ 1,206,000	− 2.0
	Coupon Plans	0	—	0	—
	Factory Packs	$ 1,054,000	− 3.0	$ 1,086,000	+ 7.7
	Direct Premiums	$ 2,744,000	+ 1.0	$ 2,716,000	+ 8.5
	Sweepstakes	$ 1,740,000	+ 3.1	$ 1,688,000	+ 3.1
HEATING, AIR CONDITIONING $163,868,000—UP 5.0%	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 23,033,000	+ 6.4	$ 21,646,000	+19.7
	(Travel)	$ 30,476,000	+ 8.3	$ 28,187,000	+15.0
	Dealer Incentives				
	(Merchandise)	$ 60,855,000	+ 3.1	$ 59,018,000	+ 7.3
	(Travel)	$ 36,772,000	+ 5.4	$ 34,894,000	+10.7
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 1,561,000	+ 7.8	$ 1,448,000	+ 7.7
	Free Mail-Ins	$ 566,000	+ 6.8	$ 530,000	+ 6.6
	Coupon Plans	0	—	0	—
	Factory Packs	$ 1,721,000	− 1.3	$ 1,744,000	+ 3.1
	Direct Premiums	$ 6,444,000	+ 2.0	$ 6,320,000	+ 2.8
	Sweepstakes	$ 2,440,000	+ 5.4	$ 2,315,000	+ 2.4

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
HOUSEWARES, FURNISHINGS *$152,041,000—DOWN 2.0%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 37,802,000	− 1.6	$ 38,418,000	+10.6
	(Travel)	$ 6,787,000	− 0.4	$ 6,816,000	+ 6.3
	Dealer Incentives				
	(Merchandise)	$ 20,614,000	− 5.5	$ 21,808,000	+21.3
	(Travel)	$ 5,388,000	− 2.1	$ 5,505,000	+ 3.3
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 2,216,000	− 2.1	$ 2,263,000	+16.0
	Free Mail-Ins	$ 1,083,000	+ 1.6	$ 1,066,000	+ 6.8
	Coupon Plans	0	—	0	—
	Factory Packs	$ 1,781,000	+ 2.2	$ 1,742,000	+ 7.9
	Direct Premiums	$ 74,749,000	− 1.7	$ 76,033,000	+10.9
	Sweepstakes	$ 1,621,000	+ 4.4	$ 1,552,000	+ 8.1
INDUSTRIAL CHEMICALS *$59,920,000—UP 6.8%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 11,021,000	+11.5	$ 9,881,000	+10.1
	(Travel)	$ 4,227,000	+ 8.1	$ 3,910,000	+ 9.3
	Dealer Incentives				
	(Merchandise)	$ 24,178,000	+ 6.0	$ 22,819,000	+11.1
	(Travel)	$ 5,467,000	+ 3.2	$ 5,296,000	+14.0
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 1,211,000	+11.3	$ 1,088,000	+ 9.1
	Free Mail-Ins	$ 1,044,000	+ 5.9	$ 986,000	+ 9.1
	Coupon Plans	$ 7,833,000	+ 2.5	$ 7,644,000	+ 6.4
	Factory Packs	$ 1,221,000	+17.1	$ 1,043,000	+14.2
	Direct Premiums	$ 2,681,000	+ 5.9	$ 2,532,000	+ 6.4
	Sweepstakes	$ 1,037,000	+13.3	$ 915,000	+13.2
INSURANCE *$346,279,000—UP 8.7%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$133,118,000	+ 8.8	$122,391,000	+10.9
	(Travel)	$110,266,000	+ 8.4	$101,698,000	+11.2
	Dealer Incentives				
	(Merchandise)	$ 8,817,000	+ 9.9	$ 8,024,000	+ 8.9
	(Travel)	$ 38,201,000	+10.9	$ 34,432,000	+17.7
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 1,834,000	+ 9.0	$ 1,682,000	+10.1
	Free Mail-Ins	$ 42,820,000	+ 8.0	$ 39,642,000	+12.1
	Coupon Plans	0	—	0	—
	Factory Packs	0	—	0	—
	Direct Premiums	$ 6,787,000	+ 4.9	$ 6,472,000	+13.5
	Sweepstakes	$ 4,436,000	+ 5.1	$ 4,219,000	+15.0
LUGGAGE, JEWELRY, ACCESSORIES *$17,357,000—UP 3.1%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 5,484,000	+ 8.1	$ 5,073,000	+10.4
	(Travel)	$ 1,893,000	+ 1.6	$ 1,864,000	+12.2
	Dealer Incentives				
	(Merchandise)	$ 3,589,000	− 2.3	$ 3,673,000	+16.7
	(Travel)	$ 461,000	+ 6.5	$ 433,000	+ 9.1
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 2,211,000	+ 5.2	$ 2,102,000	+ 5.9
	Free Mail-Ins	$ 403,000	− 4.0	$ 420,000	+ 7.4
	Coupon Plans	0	—	0	—
	Factory Packs	$ 255,000	+10.4	$ 231,000	+14.4
	Direct Premiums	$ 1,681,000	+ 2.9	$ 1,633,000	+ 8.6
	Sweepstakes	$ 1,380,000	− 1.9	$ 1,407,000	− 2.5

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
MACHINERY & SUPPLIES $75,919,000—UP 2.5%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$38,304,000	+ 1.1	$37,890,000	+12.3
	(Travel)	$18,211,000	+ 5.9	$17,197,000	+ 7.4
	Dealer Incentives				
	(Merchandise)	$ 5,131,000	+ 0.7	$ 5,097,000	+10.2
	(Travel)	$ 5,792,000	+ 2.7	$ 5,641,000	+10.7
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 2,521,000	+ 3.5	$ 2,435,000	+ 4.5
	Free Mail-Ins	$ 488,000	+ 5.9	$ 461,000	+11.4
	Coupon Plans	0	—	0	—
	Factory Packs	$ 539,000	− 3.2	$ 557,000	+ 5.1
	Direct Premiums	$ 3,141,000	+ 2.2	$ 3,072,000	+ 9.3
	Sweepstakes	$ 1,792,000	+ 5.2	$ 1,704,000	+18.5
OFFICE EQUIPMENT $162,442,000—UP 8.5%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$35,106,000	+20.9	$29,047,000	+11.5
	(Travel)	$38,219,000	+ 6.1	$36,005,000	+11.7
	Dealer Incentives				
	(Merchandise)	$18,911,000	+ 4.9	$18,030,000	+12.0
	(Travel)	$11,221,000	+ 8.4	$10,352,000	+ 9.3
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 3,861,000	+ 4.4	$ 3,697,000	+11.8
	Free Mail-Ins	$ 2,010,000	+ 6.3	$ 1,890,000	+ 8.7
	Coupon Plans	$ 3,208,000	+ 6.4	$ 3,014,000	+ 9.0
	Factory Packs	$11,614,000	+ 7.9	$10,765,000	+10.5
	Direct Premiums	$35,811,000	+ 3.6	$34,563,000	+12.2
	Sweepstakes	$ 2,481,000	+ 6.2	$ 2,337,000	+19.5
PAINTS & VARNISHES $38,663,000—UP 3.9%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$ 9,168,000	+ 2.0	$ 8,984,000	+10.9
	(Travel)	$ 2,922,000	+ 7.7	$ 2,713,000	+11.7
	Dealer Incentives				
	(Merchandise)	$ 7,034,000	+ 3.2	$ 6,815,000	+13.5
	(Travel)	$ 6,779,000	+ 8.7	$ 6,234,000	+ 9.7
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 7,773,000	+ 2.7	$ 7,572,000	+11.1
	Free Mail-Ins	$ 620,000	− 3.1	$ 640,000	+ 8.7
	Coupon Plans	$ 621,000	− 8.8	$ 681,000	+ 7.9
	Factory Packs	$ 791,000	+12.7	$ 702,000	+ 6.0
	Direct Premiums	$ 2,411,000	+ 2.9	$ 2,344,000	+13.0
	Sweepstakes	$ 544,000	+ 5.4	$ 516,000	+17.3
PAPER PRODUCTS & PACKAGING $47,270,000—UP 3.3%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$ 6,473,000	+ 1.9	$ 6,352,000	+11.0
	(Travel)	$ 6,397,000	+ 3.9	$ 6,159,000	+ 9.5
	Dealer Incentives				
	(Merchandise)	$ 7,482,000	+ 2.5	$ 7,302,000	+10.0
	(Travel)	$ 3,115,000	+ 6.8	$ 2,918,000	+11.7
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 6,674,000	+ 2.8	$ 6,494,000	+13.4
	Free Mail-Ins	$ 4,675,000	+ 3.3	$ 4,525,000	+10.5
	Coupon Plans	$ 6,404,000	+ 1.9	$ 6,283,000	+11.0
	Factory Packs	$ 3,271,000	+ 7.8	$ 3,033,000	+11.6
	Direct Premiums	$ 961,000	+ 4.3	$ 921,000	+ 4.9
	Sweepstakes	$ 1,818,000	+ 2.9	$ 1,766,000	+11.1

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
PETROLEUM PRODUCTS *$171,912,000—UP 1.2%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$40,669,000	+ 1.7	$39,989,000	− 3.4
	(Travel)	$ 6,444,000	+ 1.1	$ 6,371,000	− 4.9
	Dealer Incentives				
	(Merchandise)	$53,402,000	+ 2.3	$52,177,000	− 5.2
	(Travel)	$ 6,818,000	+ 3.1	$ 6,613,000	+ 1.6
	CONSUMER PREMIUMS				
	Self-Liquidators	$16,774,000	− 2.2	$17,153,000	− 4.9
	Free Mail-Ins	$ 2,094,000	− 4.0	$ 2,181,000	−12.5
	Coupon Plans	$ 3,081,000	− 0.7	$ 3,103,000	+ 2.7
	Factory Packs	$ 1,582,000	+ 4.0	$ 1,521,000	+ 1.9
	Direct Premiums	$34,217,000	+ 1.1	$33,834,000	−10.9
	Sweepstakes	$ 6,831,000	− 1.8	$ 6,955,000	+ 3.7
PHARMACEUTICALS *$93,480,000—UP 4.7%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$33,401,000	+ 4.1	$32,090,000	+10.4
	(Travel)	$ 8,739,000	+ 2.8	$ 8,505,000	+10.8
	Dealer Incentives				
	(Merchandise)	$14,643,000	− 0.6	$13,319,000	+12.7
	(Travel)	$ 5,481,000	+ 4.6	$ 5,239,000	+ 9.3
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 9,436,000	+ 4.6	$ 9,025,000	+ 7.4
	Free Mail-Ins	$ 2,838,000	+ 7.3	$ 2,646,000	+11.8
	Coupon Plans	$ 3,721,000	+ 3.3	$ 3,603,000	+12.0
	Factory Packs	$ 6,616,000	+ 2.9	$ 6,428,000	+ 9.7
	Direct Premiums	$ 6,934,000	+ 1.3	$ 6,843,000	+ 7.3
	Sweepstakes	$ 1,671,000	+ 6.6	$ 1,567,000	+11.6
PUBLIC UTILITIES *$15,685,000—UP 1.6%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$ 3,809,000	+ 2.4	$ 3,720,000	+ 0.1
	(Travel)	$ 1,843,000	+ 4.4	$ 1,765,000	+ 2.2
	Dealer Incentives				
	(Merchandise)	$ 2,103,000	+ 1.6	$ 2,069,000	+10.3
	(Travel)	$ 242,000	+14.7	$ 211,000	−21.0
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 1,734,000	+ 3.2	$ 1,681,000	− 6.7
	Free Mail-Ins	$ 1,680,000	− 4.3	$ 1,756,000	− 2.2
	Coupon Plans	0	—	0	—
	Factory Packs	0	—	0	—
	Direct Premiums	$ 3,722,000	+ 1.8	$ 3,656,000	− 6.0
	Sweepstakes	$ 552,000	− 4.8	$ 580,000	− 4.7
PUBLISHERS, BROADCASTERS *$156,319,000—UP 6.3%*	***TRADE INCENTIVES***				
	Sales Force Incentives				
	(Merchandise)	$64,226,000	+ 6.1	$60,534,000	+12.4
	(Travel)	$ 8,437,000	+ 4.0	$ 8,112,000	+11.3
	Dealer Incentives				
	(Merchandise)	$ 8,158,000	+ 3.1	$ 7,910,000	+ 8.3
	(Travel)	$ 3,742,000	+ 9.6	$ 3,413,000	+12.4
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 7,533,000	+ 4.0	$ 7,246,000	+11.0
	Free Mail-Ins	$ 5,484,000	+ 4.1	$ 5,267,000	+ 4.9
	Coupon Plans	$ 821,000	+ 4.2	$ 788,000	+13.0
	Factory Packs	$ 4,631,000	+ 3.6	$ 4,470,000	+ 9.2
	Direct Premiums	$41,473,000	+ 3.6	$40,034,000	+ 6.3
	Sweepstakes	$11,814,000	+27.5	$ 9,269,000	+27.4

		EXPENDITURES 1982	% CHANGE PRIOR YEAR	EXPENDITURES 1981	% CHANGE PRIOR YEAR
SPORTING GOODS & TOYS $34,860,000—UP 2.4%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$ 6,173,000	+ 2.4	$ 6,027,000	+12.2
	(Travel)	$ 4,436,000	+ 4.9	$ 4,227,000	+ 9.8
	Dealer Incentives				
	(Merchandise)	$ 6,809,000	+ 0.8	$ 6,753,000	+11.4
	(Travel)	$ 3,234,000	+ 5.5	$ 3,065,000	+ 9.6
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 6,361,000	+ 2.5	$ 6,205,000	+14.4
	Free Mail-Ins	$ 134,000	− 8.2	$ 146,000	+ 9.8
	Coupon Plans	$ 124,000	− 6.8	$ 133,000	+18.8
	Factory Packs	$ 1,020,000	+ 2.9	$ 991,000	+12.4
	Direct Premiums	$ 6,081,000	+ 1.3	$ 6,003,000	+ 6.5
	Sweepstakes	$ 488,000	− 2.6	$ 501,000	+16.2
TOILETRIES & COSMETICS $512,812,000—UP 4.6%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$164,273,000	+ 4.6	$157,116,000	+12.2
	(Travel)	$ 23,126,000	+15.2	$ 20,067,000	+ 6.9
	Dealer Incentives				
	(Merchandise)	$ 63,774,000	+ 4.0	$ 61,295,000	+10.4
	(Travel)	$ 8,404,000	+ 2.5	$ 8,196,000	+12.2
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 92,684,000	+ 3.1	$ 89,890,000	+15.6
	Free Mail-Ins	$ 15,122,000	+ 7.4	$ 14,081,000	+17.0
	Coupon Plans	$ 11,556,000	+ 7.8	$ 10,718,000	+17.3
	Factory Packs	$ 43,220,000	+ 4.5	$ 41,340,000	+10.2
	Direct Premiums	$ 75,466,000	+ 3.1	$ 73,172,000	+ 9.9
	Sweepstakes	$ 15,187,000	+ 6.4	$ 14,270,000	+21.5
MISCELLANEOUS INDUSTRIES $911,607,000—UP 5.3%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$211,364,000	+ 6.2	$199,003,000	+ 4.2
	(Travel)	$ 56,884,000	+ 6.3	$ 53,505,000	+ 5.7
	Dealer Incentives				
	(Merchandise)	$157,142,000	+ 4.0	$151,122,000	+ 4.8
	(Travel)	$ 70,444,000	+ 4.6	$ 67,331,000	+ 5.9
	CONSUMER PREMIUMS				
	Self-Liquidators	$ 92,819,000	+ 5.2	$ 88,263,000	+ 3.2
	Free Mail-Ins	$ 67,123,000	+ 6.4	$ 63,075,000	+ 5.0
	Coupon Plans	$ 37,322,000	+ 9.1	$ 34,196,000	+ 4.4
	Factory Packs	$ 47,917,000	+ 4.6	$ 45,806,000	− 2.8
	Direct Premiums	$132,656,000	+ 3.8	$127,748,000	− 1.7
	Sweepstakes	$ 37,936,000	+ 5.8	$ 35,854,000	+ 8.6
DISTRIBUTORS, WHOLESALERS $708,630,000—UP 6.3%	**TRADE INCENTIVES**				
	Sales Force Incentives				
	(Merchandise)	$234,364,000	+ 5.9	$221,390,000	+ 5.2
	(Travel)	$ 16,407,000	+ 9.2	$ 15,031,000	+ 8.3
	Dealer Incentives				
	(Merchandise)	$ 96,692,000	+ 4.1	$ 92,882,000	+ 4.9
	(Travel)	$ 12,941,000	+ 7.7	$ 12,011,000	+11.2
	CONSUMER PREMIUMS				
	Self-Liquidators	$192,561,000	+ 6.7	$180,399,000	+ 5.3
	Free Mail-Ins	$ 3,669,000	+ 6.6	$ 3,433,000	+ 4.9
	Coupon Plans	$ 86,533,000	+ 4.8	$ 84,474,000	+ 4.8
	Factory Packs	$ 22,343,000	+16.6	$ 19,162,000	+ 8.0
	Direct Premiums	$ 31,840,000	+ 9.5	$ 29,081,000	+ 8.4
	Sweepstakes	$ 9,280,000	+ 4.1	$ 8,915,000	+ 6.0

Sales Incentives

American business increased its spending on sales force incentives by 5.6% in 1982, for a total volume of $2,312,145,000. It was below forecast but, in the context of the times, a not altogether disappointing performance.

Motivating a sales force was something of an uphill battle in 1982. Sales resistance in most industries was at the highest level in years. Salespeople had to work harder—and thus incentives had to work much harder.

Sales incentive activity by American business in 1982 did not live up to its advance notices in expenditure, but paced the total field with a 5.6-percent growth in dollars over the 1981 rate. Users of these techniques in 1981 had forecast an estimated 8.5-percent increase for '82.

The year's spending came to a new high of $2,312,145,000—about a $123-million gain. Merchandise incentive campaigns accounted for spending of $1,760,893,000, up 5.2 percent. Travel programs advanced more—7.1 percent, to $551,252,000.

Recession exacted a toll in the effectiveness of sales incentive programs, in absolute terms. Results dropped by three to four points, in percentage sales increase, from the 1981 records. But, in the context of the times, results must be judged relatively good, and the comments of many users in the **IM** survey indicated they read them that way. Even those who achieved no sales gains at all often credited their incentive campaigns with preventing worse performance. In the 1982 climate, staying even or minimizing losses could be evaluated as success.

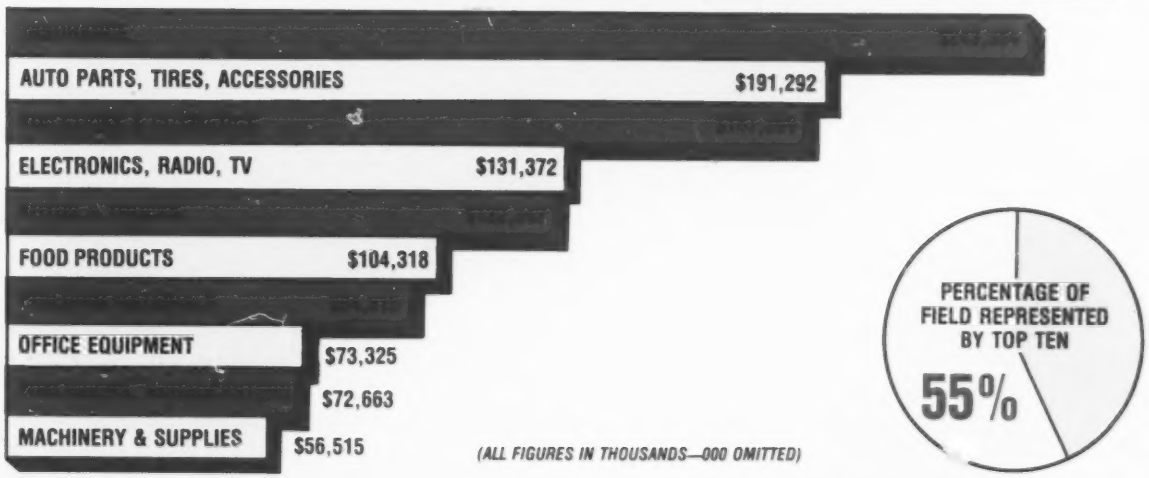
In volume of usage, sales incentives outdid most of the field. Their 5.6-percent increase compares with 3.3 percent for dealer incentives and 2.5 percent for manufacturers' consumer promotions. Only business gifts did better, with an 8.8-percent expansion.

History tells us that sales incentives may be expected to shine during a recession. They represent the key to solving at least some of the problems marketers encounter. They provide the means to direct and orchestrate promotional efforts in ways that will do the most good when conventional approaches weaken. Their "shine," however, is relative—and not everlasting.

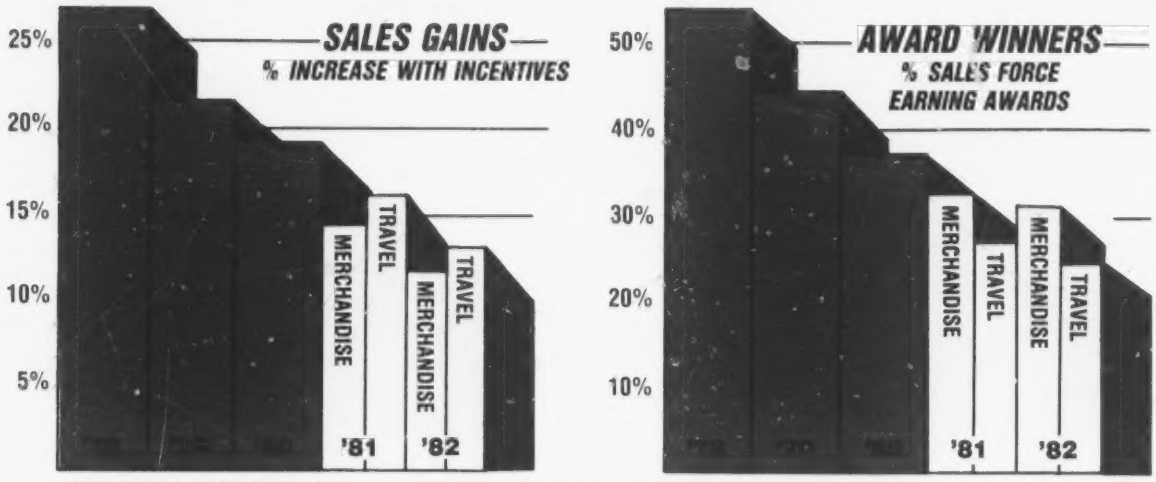
In the mid-'70s recession, for example, sales incentives did better than the premium and incentive field overall, both in 1974 and '75. But better was not terribly good. In '74, when the total field declined by 3.8 percent in usage, sales incentives showed a small increase—2.9 percent. The following year, when the total dropped another 12.3 percent, sales incentives were distinguished mainly by being the only segment to avoid double-digit decline—they were off 9.1 percent from the previous period.

In that context, this recession presents a relatively bright picture for incentive use. It appears the timing has been such that there will not be a

TOP TEN SALES INCENTIVE USERS (1982)



IM FACTS REPORT



(KEY: RED IS PREVIOUS IM SURVEY GROUPS, TAN IS THIS GROUP'S 1981/82 REPORTS).

second year of lagging activity, as there was in 1974-75. The beginnings of a recovery early in 1983 suggest a fairly active, healthy outlook for this year. Sales incentives are expected to set the pace, when all the estimates are in.

Industries that are the principal users of sales force programs did not change materially in 1982. Insurance companies continued to be the top users, spending more than $50 million over the runner-up industry, Auto Parts, Tires and Accessories. Insurance also contributed the greatest dollar increase in spending, more than $19 million, even though its percentage growth was not the greatest; that industry boosted its investment for sales incentives by 8.6 percent in 1982.

Four other industry groups accelerated more rapidly, however. Office Equipment made the largest advance, adding 12.7 percent to its sales incentive budget last year. An 11-percent increase was recorded by Furniture and Floor Coverings. Industrial Chemicals were up 10.6 percent, and Food Products spent 10.2 percent more for sales incentives than in 1981. Of these growth areas, two—Food Products and Office Equipment—are in the Top Ten group of industries.

The only change in the Top Ten last year was a minor shift of position—with the fast-growing Office Equipment category taking over eighth position at the expense of Publishers, Printers and Broadcasters. Here, with their 1982 expenditure estimates, are the Top Ten sales incentive users:

- **Insurance** $243,384,000
- **Auto Parts, Tires & Accessories** 191,292,000
- **Toiletries & Cosmetics** 187,399,000
- **Electronics, Radio & TV** 131,372,000
- **Automobiles & Trucks** 122,342,000
- **Food Products** 104,318,000
- **Building Materials** 84,315,000
- **Office Equipment** 73,325,000
- **Publishers, Printers & Broadcasters** 72,663,000
- **Machinery & Supplies** 56,515,000

Besides the large Insurance group, increasing its spending by 8.6 percent, and the four industries noted spending more than 10 percent above their 1981 levels, one other category reported expenditures significantly above average—the Electronics, Radio and TV group, which increased in sales incentive spending by 8.3 percent.

Although travel campaigns grew more than merchandise in the overall totals, four of those six large-increase groups made their biggest spending advances in the merchandise column. In the case of Insurance, the difference was not great—up 8.8 percent for merchandise and 8.4 percent for travel. In the other cases, Industrial Chemicals increased their merchandise spending by 11.5 percent, compared with 8.1 for travel; Furniture & Floor Coverings, 12.4 percent merchandise, 6.3 percent travel; and Office Equipment added 20.9 percent in merchandise dollars, against 6.1 percent on the travel side.

Three industries reported a net reduction in their outlay for sales incentives last year—Farm Equipment, off by just 0.5 percent; Housewares and Home Furnishings, down 1.4 percent; and Banks and Savings & Loans, dropping 15.4 percent below their 1981 spending level.

For all industries, the 1982 trends looked like this:

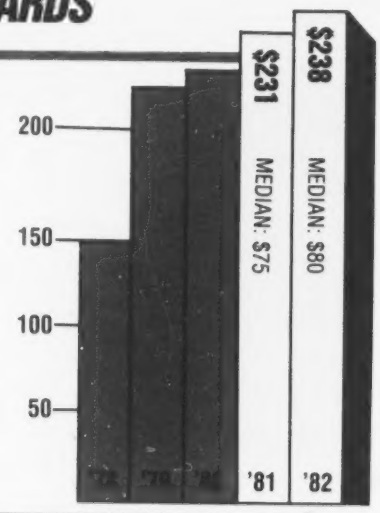
- **Apparel** + 1.3%
- **Auto Parts, Tires & Accessories** + 7.4%
- **Automobiles & Trucks** + 3.4%
- **Banks and Savings & Loans** – 16.1%
- **Beer, Ale & Soft Drinks** + 4.3%
- **Building Materials** + 3.2%
- **Detergents & Cleansers** + 4.1%
- **Electric Appliances** + 5.3%
- **Electrical & Lighting Equipment** + 2.4%
- **Electronics, Radio & TV** + 8.3%
- **Farm Equipment** – 0.5%

- Feed, Fertilizer & Farm Supplies + 3.1%
- Food Products +10.2%
- Furniture & Floor Coverings +11.0%
- Hardware + 2.6%
- Heating & Air Conditioning + 7.4%
- Housewares & Home Furnishings – 1.4%
- Industrial Chemicals +10.6%
- Insurance + 8.6%
- Luggage, Jewelry & Accessories + 6.3%
- Machinery & Supplies + 2.6%
- Office Equipment +12.7%
- Paints & Varnishes + 3.4%
- Paper Products & Packaging + 2.9%
- Petroleum Products + 1.6%
- Pharmaceuticals + 3.8%
- Public Utilities + 3.0%
- Publishers, Printers & Broadcasters + 5.9%
- Sporting Goods/Toys + 3.5%
- Toiletries & Cosmetics + 5.8%
- Miscellaneous Industries + 6.2%
- Distributors & Wholesalers + 6.1%

Although the industry increases in usage are small in many cases, it is clear that numbers of users nevertheless spent more in relation to their lagging sales during 1982. If total sales are down, even a fractional rise in promotion becomes a major effort. Did it pay off for those who did it last year? The prevailing answer seems to be a qualified yes.

MERCHANDISE AWARDS

Users held the line on merchandise awards, spending nearly identical dollar amounts per award in both 1981 and 1982.



While there are many reasons to use sales force incentives, the common denominator objective is usually an overall increase in sales volume. Whatever other goals they report in the surveys, that is the constant for at least three out of every four executives responding. And increase in sales during the promotional campaign is a major measurement of results.

The average percentage sales gain in 1982, for those who did enjoy an increase, dropped quite a bit from previous years' experience—and for the first time in recent history substantial numbers of companies reported no gains and sometimes actual losses during the promotions.

About one user in eight (12 percent) came up with a zero or worse on the bottom line in sales incentive programs during 1982, the survey found among users of merchandise awards. Those who run incentive trips had even weaker results overall—with 17 percent experiencing no sales gain.

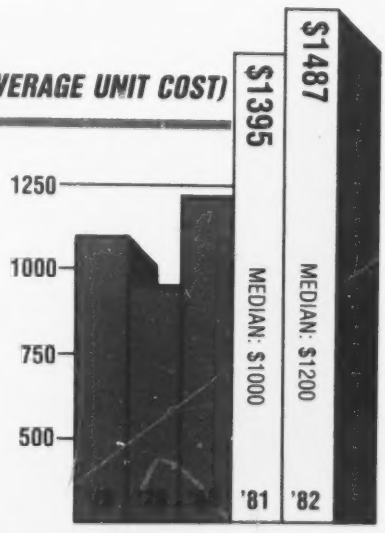
For many this was not a major disappointment; their incentive programs prevented a bad situation from being worse—either held the line against a threatened sales loss, or minimized the declines that did occur in their sales curves for the recession year. Clearly, in their evaluation, without the incentives their positions would have been much worse.

In past surveys, such results have been very few, and these responses were simply entered as zero in calculating the averages. This survey's average sales effectiveness reports include only those who did achieve some increase in sales volume. Even so, the averages are down from 1981 figures.

Among users of merchandise incentives for salespeople, sales increases averaged only 11 percent in '82—

TRAVEL AWARDS (AVERAGE UNIT COST)

Sales increases were below a year ago, and fewer people won awards. But one thing doesn't change: the cost of awards goes up.



compared with 14 percent reported in the comparable study a year before. Travel users came out a shade better, at 12 percent, but had farther to fall, from a 16 percent average increment in 1981.

Although last year's programs realized a lower yield in sales volume, participation held up relatively well. The average percentage of eligible people earning awards dropped only one point from the 1981 figure. Qualification levels for individual salespeople evidently were adjusted to take the recession into account, so that nearly as many earned awards as in the past, even though the total sales results were less impressive.

Overall participation averages 32 percent among the survey respondents for their 1982 incentive campaigns. The comparable number a year earlier was 33 percent. For users of merchandise incentives, 35 percent earned awards where 36 percent had been winners in 1981. On the travel side, 26 percent of the sales force qualified, on the average—compared with a 28 percent record the year before.

If sales increases were down, and participation was off slightly, you could still count on unit costs of incentives to go up in 1982, even with the recession-born drop in inflation. Merchandise costs, however, advanced quite modestly—while travel expenses jumped about 20 percent from 1981 to '82.

A typical merchandise award—based on the median of all users' reports—cost $80 last year, compared with $75 the year before. The average cost cited was much higher in each case, because of the incidence of some quite large awards in the marketers' programs. For last year, the average was $238, up just three percent from the 1981 average of $231.

If the users tightened their belts a bit to avoid substantial increases in merchandise cost, there was no such stringency among the travel planners. The median trip cost advanced from a 1981 level of $1000 to a new high of $1200. However, at the upper reaches the big spenders appeared to moderate their plans, and the average of all expenditures moved up by less than 7 percent, from $1395 in 1981 to $1487 last year. The costs reported were users' budgeted expenses, covering a trip for a couple in most cases.

There was good news last year in terms of the incentive users' true promotion cost, despite uncertainties in volume results. The clearest measure of the cost of a campaign is the percentage of incremental sales that must be spent to achieve the results. Here the record showed improvement in 1982 when compared with the previous year's bottom line.

For merchandise incentive users, the average incentive cost was 8.1 percent of incremental sales. On the travel side of the ledger, the cost was somewhat greater, 9.7 percent of the added volume. But both figures represent an improvement over the 1981 survey results, which showed 11 percent of incremental sales spent for both merchandise and travel campaigns.

The sobering side of the picture is that, for quite a good number of companies, there were no incremental sales to weigh against costs. But that was the story of 1982. The story of 1983 is expected to be quite a bit different, and sales incentive users entered the recovery period with their weapons ready. ■

Dealer Incentives

It was a tough year for dealer incentives, with 9 of the 10 largest industries reporting flat performance. The total field moved ahead just 3.3% in 1982, for a volume of $1,697,420,000.

What comes in the back door must go out the front. But often it did not in 1982. That's the oversimplified summary of dealer promotion and incentives last year, and the basic reason for a fairly poor record in that portion of the incentive field.

The year in dealer incentives was characterized by:

- overall usage well below the inflation rate and the total field,
- flat performance by nine of the 10 largest user industries,
- negative sales results for many programs, and some slippage in the numbers where increases did occur,
- a consequent drop in dealer participation in awards, and
- nevertheless—no escalation in the cost of programs that worked, in relation to incremental sales.

Dealer incentive promotion in 1982 came to an estimated total of $1,697,420,000—just 3.3 percent more than the dollar expenditure the previous year. This was better than the record of consumer promotion by manufacturers and wholesalers, which rose just 2.5 percent—but weaker than the sales incentive performance, which increased by an estimated 5.6 percent last year.

The category of dealer incentives covers a wide range of promotional targets—including retailers of all types, wholesalers, jobbers and distributors, commercial or industrial dealers, service contractors, restaurants, travel agents, insurance brokers, and others. It covers motivational programs directed at management and principals of such organizations, rather than at their selling personnel, whose incentives come under the "sales incentives" classification.

In IM's 1983 special survey on dealer promotion, 43 percent of users said they aim their incentives at wholesale firms, with 42 percent targeting the various types of retailers. In 35 percent of cases, the audience is composed of commercial or industrial dealers or service contractors.

More than half—53 percent—of the reporting companies most often offer single merchandise items to their dealers; 30 percent use large catalogs, and 17 percent create their own small catalogs or limited assortments of premi-

ums. A majority—57 percent—say they use some travel; 29 percent combine their trip offerings with merchandise, and 24 percent use both, but in separate promotions.

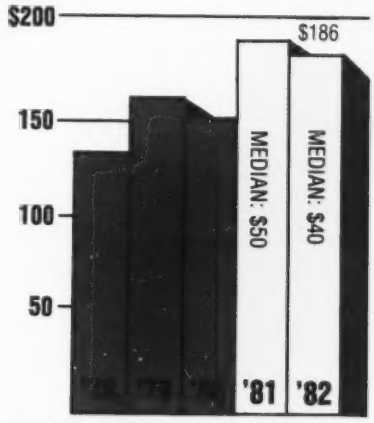
Travel usage last year grew slightly more than merchandise campaigns—up 4.1 percent to $574,727,000. On the merchandise side, volume increased only 2.9 percent to an estimated $1,122,693,000. This was a major shift of emphasis from year-ago estimates given by the users. At that time they forecast a reduction of 1.1 percent in their merchandise purchases, but a 14.1-percent growth in travel. Overall, the forecast was for a four-percent rise in spending.

The shift away from a larger planned use of travel may be explained by the fact that nine of the 10 largest users of dealer incentives increased their spending at rather low rates—and seven of them are among the Top Ten users of travel. Clearly some trip plans were either canceled—or resulted in much smaller movements than had been anticipated.

Ten industries made fairly significant increases in their dealer incentive budgets—five percent or more. But only one of them was among the 10 largest users of the technique. In order of their expansion, they were:

MERCHANDISE AWARDS

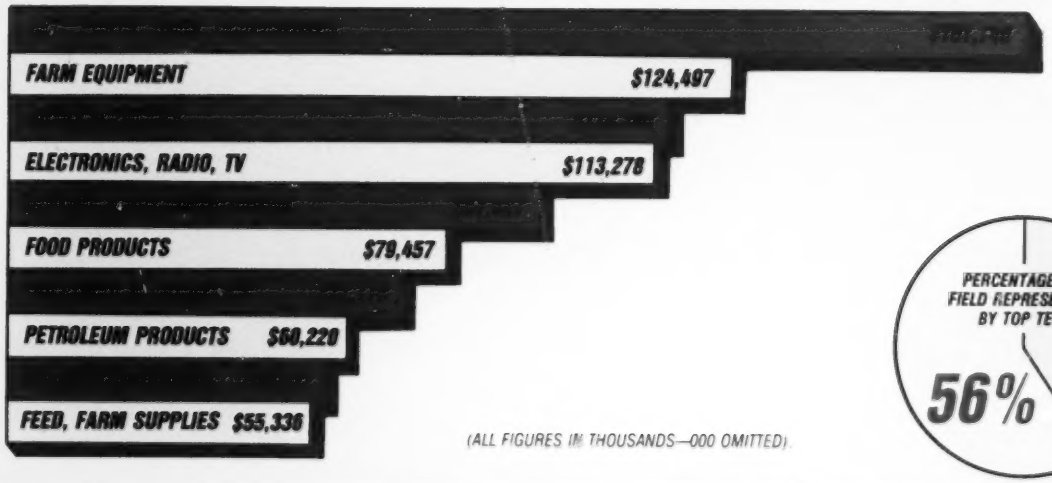
Users of dealer incentives reported sales increases below a year ago and drops in participation. On the plus side, there was no increase in the cost of the promotion as a percentage of sales.



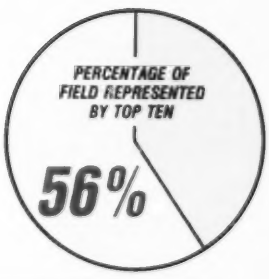
- **Insurance** + 10.7%
- **Pharmaceuticals** + 8.4%
- **Detergents & Cleansers** + 7.2%
- **Office Equipment** + 6.2%
- **Paints & Varnishes** + 5.9%
- **Building Materials** + 5.8%
- **Electric Appliances** + 5.8%
- **Beer, Ale & Soft Drinks** + 5.5%
- **Industrial Chemicals** + 5.4%
- **Publishers, Printers & Broadcasters** + 5.1%

The only industry on the list in the Top Ten users was Building Materials, and it ranks ninth among the biggest spenders. Insurance, a big spender overall, is small in this category—but dominates the sales incentive fig-

TOP TEN DEALER INCENTIVE USERS (1982)



(ALL FIGURES IN THOUSANDS—000 OMITTED)



ures. The insurance industry also is the No. 1 user of incentive travel—the only industry which spends more on travel than merchandise—and increased its total travel usage a bit more than merchandise.

Contributing heavily to the slowdown in dealer promotion was the fact that the automotive aftermarket, biggest user of all in this category, increased by only 1.9 percent. An undistinguished record for the year is seen for most of the Top Ten dealer incentive users:

- **Auto Parts, Tires, Accessories** + 1.9%
- **Farm Equipment** – 0.9%
- **Automobiles & Trucks** + 2.4%
- **Electronics, Radio & TV** + 2.9%
- **Heating and Air Conditioning** + 4.0%
- **Food Products** + 2.7%
- **Toiletries & Cosmetics** + 3.9%
- **Petroleum Products** + 2.4%
- **Building Materials** + 5.8%
- **Feed, Fertilizer & Farm Supplies** + 4.3%

These ten largest users of dealer incentives increased their expenditures in 1982 by only 2.5 percent overall, as compared with their '81 usage. They still account for 56 percent of all expenditures for dealer promotion—but obviously did not act like leaders in such promotion last year.

Eleven industries that were also-rans—neither big users nor big in 1982 expansion—ranged in activity from a high of +4.8 percent for Furniture & Floor Coverings to the disaster of −74.9 percent for Banks and Savings & Loans, a very small user in this category. Here is how they acted in their usage last year:

- **Apparel** – 0.6%
- **Banks and Savings & Loans** −74.9%
- **Electrical & Lighting Equipment** + 2.8%
- **Furniture & Floor Coverings** + 4.8%
- **Hardware** + 0.2%
- **Housewares & Home Furnishings** – 4.8%
- **Luggage, Jewelry & Accessories** – 1.4%
- **Machinery & Supplies** + 1.7%
- **Paper Products & Packaging** + 3.7%
- **Public Utilities** + 2.9%
- **Sporting Goods & Toys** + 2.3%

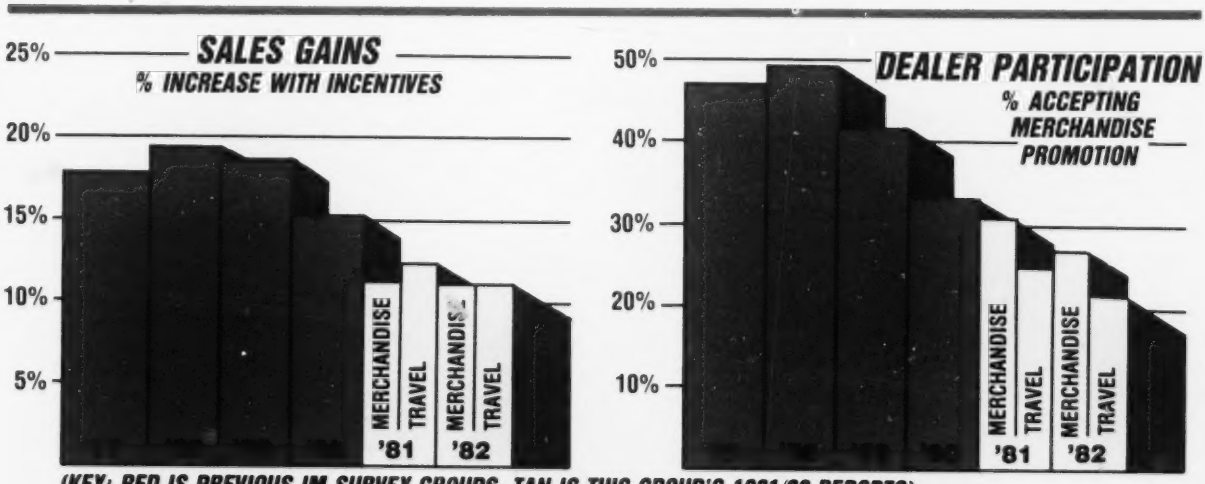
In addition, the large category of Miscellaneous Industries increased in estimated volume by 4.2 percent, and Distributors & Wholesalers upped their dealer incentive efforts by 4.5 percent. For both of these groups dealer promotion usage was below their overall incentive spending increases, estimated at 5.3 percent and 6.3 percent respectively for all types of premium or incentive promotion.

The incentive dollar last year bought the same or a little bit more in merchandise, the marketers told us—but incentive travel took a large jump in unit trip cost, compared with the comparable averages in the previous year's survey.

Average unit cost of a merchandise dealer incentive among these users was $186, hardly distinguishable from the $190 found a year earlier. But the median of their expenditures fell from $50 to a present level of $40.

For travel buyers, the story was quite different. The budgeted trip cost a year ago, including spouses in most cases, averaged $1168. The comparable figure in the latest survey was $1690. There were some big spenders, however, and the median did not rise quite so much. It did, however, go up 22.5 percent, from $1000 to $1225.

Apparently because of a drop in the percentage of qualifying dealers, the overall cost of an incentive campaign remained unchanged—eight percent of incremental sales for merchandise users, and nine percent of the extra volume for those who offered travel.



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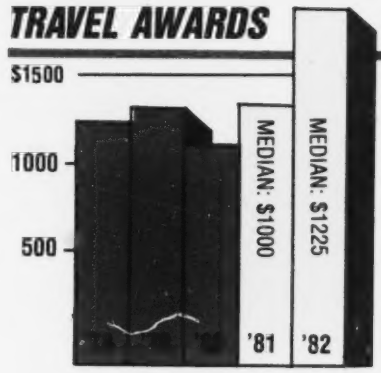


Cost of the typical dealer trip took another big leap. But as a percentage of sales generated, it held steady.

The percentage of eligible people earning the awards declined four percentage points across the board. Considering all incentive campaigns, the average qualification level declined from 29 percent a year earlier to 25 percent in 1982 programs.

The same four-point spread existed in each type of promotion. Merchandise offers were accepted by 27 percent of the users' dealers in 1982, on the average—compared with 31 percent found in the previous study. And on the travel side, where the executives had earlier experienced a 25-percent winner rate, only 21 percent earned trips last year.

If it was tougher for dealers to get incentive awards during the recession year of 1982, it was at least equally tough for marketers to get the sales increases that measure success of a program. All trade incentive results showed an unusual percentage of companies not gaining ground—or continuing to lose. This factor was especially high among those promoting to dealers.

If you were offering a premium to dealers last year, you had a 19-percent chance of coming up with flat sales results, or worse. But the survey shows that users of travel programs suffered much more—with 31 percent of them indicating they made no volume gains or had a continuation of a declining sales curve.

This result was apparently less the product of any shortcoming in the incentive programs than of the economy. There are times when nothing can stem the tide of stormy business, and this was surely one of those periods. Comments from many users indicated they held their own better—or lost less ground than they might have—because of the stimulus of the incentives.

For those who did enjoy some sales gain, there was relatively good news. Among merchandise users, the percentage gain remained the same as the previous year's average—11 percent. Travel promotion, which had done somewhat better than merchandise in 1981, at 13 percent, slipped to the same 11-percent average last year.

All in all, it seems dealer incentives in 1982 did what they are intended to do—make a difference. That the difference was often not as positive as might be hoped was a measure of the marketing environment they operated in.

With economic recovery under way in 1983, it is reasonable to project that the incentive difference this year will have made itself felt in a more traditional—and more pleasing—way to users. ■

Travel Incentives

Travel incentives were the fastest-growing segment of the trade incentive field, but their growth rate was below the pace set in past years. The field finished 1982 with a 5.6% spending increase.

Motivation to minimize disaster is not especially satisfying. But it is better than no motivation at all—and that was what a great many users of incentive travel had to settle for in 1982.

Although the application of incentive travel was at a higher level than most of the field last year—particularly in sales incentives—20 percent of the marketers using it nevertheless did not achieve positive sales results. They told us they either held their own or prevented sales from dropping more sharply.

For users of sales force trips, (they recorded the highest increases in travel expenditures), 17 percent said they had no gain in sales. But among users of travel programs for dealers, 31 percent found that result.

All incentive travel last year increased by an estimated 5.6 percent, well above the 4.5-percent expansion for the entire field. The new total reached $1,125,979,000, adding about $60 million to American marketers' travel budget in the year.

The addition of travel dollars was greater among those promoting to sales forces—up 7.1 percent. In dealer trip promotions, the outlay climbed by 4.1 percent. There has been a tendency for several years of sales incentive programs catching up with the dealer side, which used to account for a much larger majority of the spending. Dealer promotion now takes a 51-percent share of the total. In dollar terms, sales incentive campaigns added about $37 million, while dealer effort expanded by $23 million in 1982.

Travel incentive programs are heavily concentrated in a few leading user industries. The

Top Ten industries last year were responsible for 67 percent of all expenditures for travel, and they maintained a good growth rate in 1982. The largest user—Insurance, with more than $148 million in travel outlays—increased its usage 9.1 percent over the year before. And the No. 10 entry, Toiletries & Cosmetics, had the biggest percentage rise, up 11.6 percent last year. Four others in the Top Ten added travel dollars above the average rate of increase. Two others spent more than four percent over their 1981 budgets; and only two industries, Automobiles & Trucks and Farm Equipment, lagged seriously among the Top Ten in expanded travel campaigns. Here is how the big spenders lined up in estimated 1982 incentive travel: (see table above)

Because of the relatively fast pace set by a majority of the Top Ten industries, they accounted for about 72 percent of the total growth in incentive travel last year, compared with their 67-percent share of the total spending.

Despite higher spending levels than the average, there is no perceptible pattern of better results among the largest users. They seem to share the general experience of a drop in sales-increase figures, or no increases at all. In a travel program, with its longer lead times, budgets tend to be fixed farther in advance—and be less flexible at the end of a promotion. Many travel programs run for a year or longer; in IM's last special survey of incentive travel practices (IM October 1983), 26 percent of the users reported selling periods of 52 weeks or more. Given the companion fact that travel programs usually take longer to set up than merchandise incentives, the user must commit his funds well in advance, and cannot fully react to later developments in his market. The larger and more experienced the user company, the more likely this is to be true.

TOP TEN TRAVEL USERS

Insurance	**$148,467,000**	**+ 9.1%**
Electronics, Radio & TV	**$111,347,000**	**+ 4.7%**
Auto Parts, Tires & Accessories	**$ 99,743,000**	**+ 8.0%**
Automobiles & Trucks	**$ 92,197,000**	**+ 2.8%**
Farm Equipment	**$ 75,332,000**	**+ 0.9%**
Heating & Air Conditioning	**$ 67,248,000**	**+ 6.6%**
Office Equipment	**$ 49,440,000**	**+ 6.7%**
Electric Appliances	**$ 42,880,000**	**+ 4.3%**
Building Materials	**$ 34,350,000**	**+ 8.0%**
Toiletries & Cosmetics	**$ 31,350,000**	**+11.6%**

Among industries other than the leading travel users, 1982 expenditures lagged behind the average for 16—while only four matched or exceeded the average growth rate. The most active were:

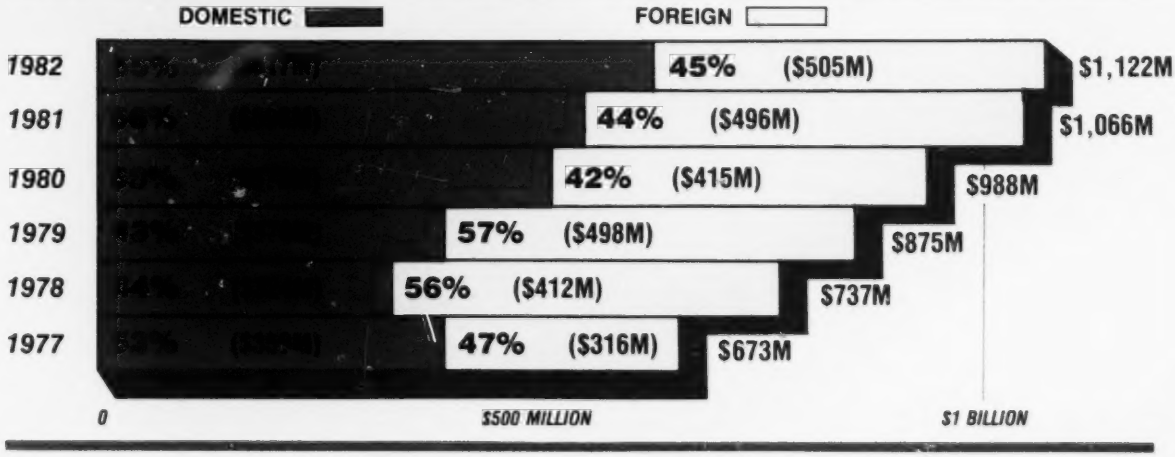
- **Detergents & Cleansers** +6.6%
- **Food Products** +9.1%
- **Paints & Varnishes** +8.4%
- **Publishers, Printers, Broadcasters** +5.7%

All of these are quite small in their application of incentive travel programs, accounting for a total spending slightly over $46 million last year. In addition, the fairly large category of Distributors & Wholesalers boosted travel budgets by 8.5 percent, to a total for the year of more than $29 million.

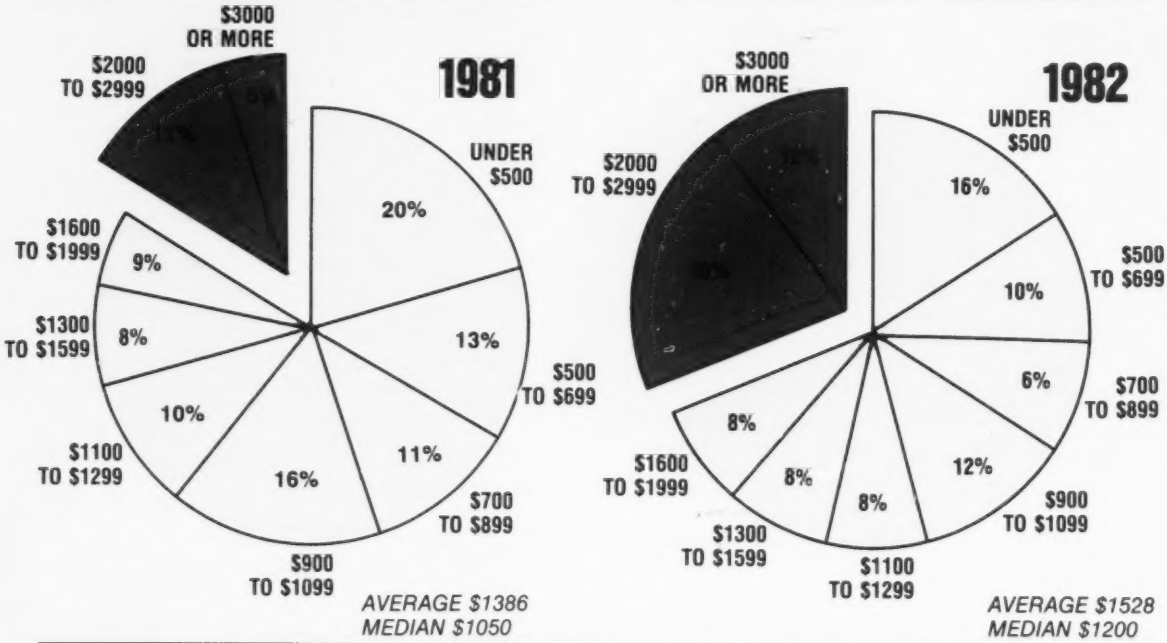
Of the remaining industry groups, only four plus the miscellaneous category exceeded five percent in expansion of travel in 1982. Here is the record they wrote:

- **Apparel** + 1.9%
- **Banks and Savings & Loans** −26.8%
- **Beer, Ale & Soft**

WHERE THE MONEY IS SPENT



COST OF INCENTIVE TRIP



Drinks	+ 3.7%
• Electrical & Lighting Equipment	+ 1.2%
• Feed, Fertilizer, Farm Supplies	+ 4.3%
• Furniture & Floor Coverings	+ 3.2%
• Hardware	+ 1.4%
• Housewares & Home Furnishings	– 1.2%
• Industrial Chemicals	+ 5.3%
• Luggage, Jewelry & Accessories	+ 2.5%
• Machinery & Supplies	+ 5.1%
• Paper Products & Packaging	+ 4.8%
• Petroleum Products	+ 2.1%
• Pharmaceuticals	+ 3.5%
• Public Utilities	+ 5.5%
• Sporting Goods & Toys	+ 5.2%
• Miscellaneous Industries	+ 5.4%

Foreign travel is continuing the slow comeback from a sharp drop in 1980. In 1977 the majority of incentive travel—53 percent—was to domestic destinations. The next two years saw overseas sites jump into the lead, with 56 and 57 percent. In 1980, foreign travel dipped 15 percentage points, to only 42 percent of all estimated expenditures. In '81, the foreign total was up to 44 percent—and last year it edged up another point, to 45 percent of all travel incentive dollars. Foreign destinations are most popular among users running dealer programs, while sales incentive users tend to prefer places close to home.

This distinction is at least partly responsible for a slightly higher unit cost for dealer trips than for those primarily involving salespeople—although the difference is not great. Dealer travel per qualifier rose to an average of $1690 last year, while sales force trips cost an average of $1487. But the median budgets were not so far apart—$1225 and $1200 respectively.

The overall average unit cost per trip last year was $1528, compared with $1386 in the previous survey. The median rose from $1050 in earlier estimates to $1200 this time.

Some users still manage to finance incentive trips for less than $500, but that group has dropped from 20 percent of users to only 16 percent. At the other end of the scale, 16 percent spent $2000 or more per winner in 1981—and that group has doubled to 32 percent in this latest survey.

That the higher unit costs did not result in greater increases in travel expenditures may be attributed to a concurrent decline in the percentage of people who went on the trips. The users in this survey told us that an average of only 21 percent of their dealers participated in 1982, compared with 25 percent a year earlier. On the sales incentive side, the decline was a bit less, from 28 percent to 26 percent.

When fewer potential travelers qualify, the assumption follows that the program did not work so effectively to increase sales. This has rarely been so evident as in the current survey, when 20 percent of the travel users indicated their sales results were flat, or that incentives failed to stop a decline. The economy was working hard to nullify the upward push of the

incentive programs. Users who had planned their campaigns months before with the expectation of a business recovery in 1982 found that it did not happen that way—the economy continued to slide into November, for the longest period of decline since the one beginning in 1929—although it was only about one month longer than the reversal of the mid-1970s.

Promoters of trips for dealers suffered most, with 31 percent of them entering zeros on the bottom line. For users of sales incentive travel, the figure was 17 percent. Both records were worse than those experienced last year by the merchandise award users—with 12 percent reporting no gains in sales force programs and 19 percent in dealer promotions.

Many users took this outcome philosophically, knowing that major gains could not be easy last year. "We were happy to stay even" was a typical comment.

For those who did experience some sales growth during their travel programs, the result was down from a year earlier. Companies running travel plans for their salespeople came up with an average sales increment of 12 percent last year, where they had averaged 16 percent a year earlier. In dealer promotion, the results dropped from an '81 average of 13 percent to 11 percent in '82.

The balancing of sales against costs came out better, on the average, than users might have had reason to expect. In terms of program cost as a percentage of incremental sales, there was no change from a year earlier for those promoting to dealers—the average remained at nine percent. Sales incentive travel users actually came out somewhat better, with an average of 9.7 percent of added sales spent for the incentive program.

Beyond the dollars-and-cents measurement of results, incentive travel has a special dimension that must have been very important in 1982. One of the major objectives stated by users was the improvement of goodwill and morale among dealer and sales forces. If there was a time to try the morale or goodwill of those who sell, last year was a likely example of it.

That may be frosting, rather than cake. But the incentive travel user makes it clear he'll take it. ■

Consumer Premiums

Stung by a 31% drop in bank premium spending—the third largest user—the consumer premium field posted a weak 2.5% overall growth rate. Putting banks aside, 20 of the 32 industry groups had above-average increases.

The timetable of recession—at least as much as the depth of it—was responsible for a lot of wrong early guesses and estimates of consumer promotion activity during 1982.

After a fairly lackluster performance in 1981—an increase of only 6.5 percent in consumer incentives—many users anticipated the start of recovery in 1982. And that led them to some optimistic estimates, 12.1 percent higher overall, of their premium spending last year.

But the '82 recovery never happened, and promotional expenditures in the consumer area rose by a mere 2.5 percent, well below the remaining inflation level of the period.

The truism that incentives are "recession-proof" is a half-truth at best. The half that holds some truth says that trade incentive spending, particularly for sales incentives, tends to remain strong as marketers apply it in a fight for their shares of the dwindling sales volume available.

In the other half—the consumer sector—a recession is usually felt by the incentive field. The consumer premium is most often tied fairly directly to product sales; if less product is sold, fewer premiums will move out, regardless of how much advertisers keep trying. The early twinges of recovery are likely to bring a flurry of activity to consumer incentives; but until those twinges appear, little can be expected to happen.

Users who bought the promise of a 1982 recovery thus overestimated their incentive usage—and probably compounded the miscalculation by figuring in a higher level of inflation than existed last year. Their forecasts were made late in 1981.

By the early months of this year, much consumer and business opinion was still skeptical of recovery talk. It was not until the second quarter that believers began to prevail. And when the principal economists' measurements were done, the conclusion was that the recession hit bottom in November 1982, after a 17-month slide, the longest since World War II.

Spending for consumer premium promotion in 1982 is now estimated at $2,804,652,000 by manufacturers, wholesalers and service organizations. Spending by retailers increased five percent over 1981, to a new total of $2,008,000,000. Together, these categories accounted for about 49 percent of the year's total of $9,779,217,000 in incentive usage.

The 2.5-percent overall increase in dollar spending for consumer promotion is a bit misleading. Twenty industries, plus wholesalers & distributors and the miscellaneous group, all expanded by larger percentages. One was exactly on the 2.5 average and nine did less well. One of those nine wrought considerable mischief with the average; Banks and Savings & Loans cut back on consumer promotion spending by 31.8 percent below its 1981 rate.

Deregulation has sharply reduced the amount of premium activity among financial institutions, as they put their marketing emphasis on the interest rate as an "incentive." And new instruments have given them a good inflow of funds that recently has not been matched by demand for loans. Therefore, there is less need to promote deposits. The decline in promotion by banks and S&Ls in 1983 has continued, and it is likely this year's figures will reflect another drop in the totals, until the allure of rate as a sales tool wears out.

The drop in bankers' promotions

was greatest last year in the direct premium category, the area of their largest usage—down by 35 percent. But self-liquidators, recently only slightly smaller in bank usage, declined by 28.9 percent. The two categories together plunged from $169,286,000 in 1981 to $114,652,000 last year. With a big drop also in employee programs and other supporting activities, the financial institutions' overall usage of all incentive types came out 29.1 percent behind the previous rate.

Three other industries showed a decline in their dollar investments in incentive promotions last year: Farm Equipment, down 1.7 percent; Housewares & Home Furnishings, off by 1.5; and Petroleum Products, 0.3 percent below 1981. The five where there was a slight expansion on paper, but below the meager average advance, were: Electrical & Lighting Equipment, up 0.5 percent; Hardware, 0.8; Luggage, Jewelry & Accessories, 2.4; Public Utilities, 0.2; and Sporting Goods & Toys, 1.6 percent.

Three of these below-par users are big in their application of consumer premiums, and they remain among the Top Ten in 1982 expenditures. Banks and Savings & Loans, despite their weak showing, held onto the third position in the list. Housewares & Home Furnishings remained the fourth-largest user, and Petroleum Products kept their ninth spot in the rankings. Here are the Top Ten and their 1982 spending reports:

- **Food Products $769,059,000**
- **Toiletries & Cosmetics 253,235,000**
- **Banks and Savings & Loans 121,155,000**
- **Housewares & Home Furnishings 81,450,000**
- **Beer, Ale & Soft Drinks 77,929,000**
- **Detergents & Cleansers 73,040,000**
- **Auto Parts, Tires & Accessories 72,508,000**
- **Publishers, Printers & Broadcasters 71,756,000**
- **Petroleum Products 64,579,000**
- **Office Equipment 58,985,000**

The order of the first nine users in the consumer categories did not change, but there is a new name in the bottom spot, with Office Equipment makers taking over from Feed, Fertilizer & Farm Supplies. The agricultural products firms accelerated their promotion by a relatively healthy 4.8 percent to consumers, and spent $57,157,000. But Office Equipment manufacturers nosed them out by about $1.8 million in consumer promotion.

Among the six consumer promotion techniques estimated separately, Sweepstakes & Contests wrote the best record for 1982, with an increase in usage of 6.1 percent, to a total of

LEADING USERS—CONSUMER INCENTIVES

SELF-LIQUIDATORS

1 Food Products
2 Toiletries & Cosmetics
3 Banks, Savings & Loans
4 Auto Parts, Tires, Accessories
5 Detergents & Cleansers
6 Beer, Ale, Soft Drinks
7 Petroleum Products
8 Building Materials
9 Pharmaceuticals
10 Feed, Fertilizer, Farm Supplies

DIRECT PREMIUMS

1 Toiletries & Cosmetics
2 Housewares, Home Furnishings
3 Banks, Savings & Loans
4 Publishers, Printers, Broadcasters
5 Food Products
6 Office Equipment
7 Petroleum Products
8 Beer, Ale, Soft Drinks
9 Feed, Fertilizer, Farm Supplies
10 Auto Parts, Tires, Accessories

SWEEPSTAKES & CONTESTS

1 Food Products
2 Toiletries & Cosmetics
3 Publishers, Printers, Broadcasters
4 Petroleum Products
5 Auto Parts, Tires, Accessories
6 Beer, Ale, Soft Drinks
7 Banks, Savings & Loans
8 Insurance
9 Building Materials
10 Electronics, Radio & TV

FREE MAIL-IN OFFERS

1 Food Products
2 Insurance
3 Toiletries & Cosmetics
4 Detergents & Cleansers
5 Publishers, Printers, Broadcasters
6 Beer, Ale, Soft Drinks
7 Electric Appliances
8 Paper Products, Packaging
9 Feed, Fertilizer, Farm Supplies
10 Electronics, Radio, TV

FACTORY-PACKS

1 Food Products
2 Toiletries & Cosmetics
3 Office Equipment
4 Detergents & Cleansers
5 Pharmaceuticals
6 Beer, Ale, Soft Drinks
7 Publishers, Printers, Broadcasters
8 Apparel
9 Feed, Fertilizer, Farm Supplies
10 Paper Products, Packaging

COUPON PLAN

1 Food Products
2 Feed, Fertilizer, Farm Supplies
3 Tobacco Products
4 Toiletries & Cosmetics
5 Industrial Chemicals
6 Detergents & Cleansers
7 Paper Products, Packaging
8 Electronics, Radio & TV
9 Pharmaceuticals
10 Electrical & Lighting Equipment

$169,699,000.

Three industries account for about 32 percent of all use of sweepstakes, and they all increased their activity in 1982. Food Products, the biggest user, anted up 10.9 percent more prizes last year than it had the year before, for a total of $27,023,000. The second entry, Toiletries & Cosmetics, advanced by a more conservative 6.4 percent, to an estimated $15,187,000.

But the number 3 group—Publishers, Printers & Broadcasters—went a little wild with a growth of 27.5 percent in sweepstakes offerings, to a 1982 total of $11,814,000, mainly reflecting heavy subscription promotion activity.

Sweepstakes & Contests, however, is the smallest promotion category of all. The largest consumer category, Self-Liquidators, did not do its share for growth, adding only 2.6 percent last year. The new total for usage of self-liquidators is $875,122,000.

Most liquidators are of the long-familiar mail-in variety used heavily to promote packaged products. But in recent years an increasing amount of expenditures of a different sort have fallen into the category—financial institutions' deposit promotions. Even with a considerable drop-off in 1982, that industry still accounted for more than $54 million worth of technically "self-liquidating" promotions. And it was a loss of $24 million in volume there that contributed more than anything else to the flat record for Self-Liquidators in 1982. The rest of the Self-Liquidator category showed more than a five-percent increase in spending last year.

Facing a tough year, incentive users in 1982 took the traditional course: putting whatever promotion money was available into sales & dealer incentives, and holding the line on promotion to consumers.

The liquidators' cousins, Free Mail-In offers, recorded an estimated expansion of 5.5 percent—paced by a 5.6-percent increase in their use by Food Products, which account for more than half the total year's volume of $382,041,000. Banks and Savings & Loans made the biggest negative contribution, declining 31.5 percent in their spending for free mail-ins; because the category is a small one for them, this had little impact on total figures.

There were some extremes in the free mail-in area. Besides the financial institutions, seven other industries reduced their usage of this technique—by as much as 18.4 percent for Electrical & Lighting Equipment, 8.4 percent in the automotive aftermarket, and 8.2 percent in Sporting Goods & Toys.

Four industries raised their free mail-in spending by eight percent or more. Apparel manufacturers spent 14.6 percent more than the year before; Building Materials firms increased by 11.4 percent; Furniture & Floor Coverings were up 8.5 percent, and Insurance companies used eight percent more in free mail-in offers in 1982 than they had a year earlier.

The free mail-in has the magic-word appeal of the direct premium, but without the immediacy the latter offers as a consumer inducement. But that immediacy is probably the reason for direct premiums' rather poor showing in usage during 1982.

By definition, the direct premium is tied to a product sale at retail in most instances. Thus, when sales are off, the premium follows the downward curve. Last year, direct premiums followed it with a decline in spending of 1.5 percent. This is the largest category for Banks and Savings & Loans, and showed the financial institutions' greatest cutback in promotion. But even without that loss—if the banks' usage had remained even with the previous year—direct premiums would have grown only by an estimated 3.1 percent.

Sweepstakes & Contests—the smallest category—led the growth with a 6.1% budget hike, paced by big gains by the three largest users: Food Products, Toiletries, Publishers & Broadcasters.

The Factory-Pack variety of direct premium—literally tied to the product sold as an on-pack, in-pack or container premium—did somewhat better, increasing its use by four percent over '81.

These two types together accounted for an estimated investment by marketers of $1,079,788,000, just 0.4 percent ahead of the combined total a year earlier. The separate direct premiums counted $688,787,000 of the 1982 total, with factory-packs adding $391,001,000.

While many industries clearly curtailed their usage of direct premiums in 1982, there were five that recorded double-digit increases. Industrial Chemicals expanded its usage by 17.1 percent. Others with substantial growth in this category were Paints & Varnishes, up 12.7 percent; Electric Appliances, 11.2; Luggage, Jewelry & Accessories, 10.4; and Building Materials, 10.3. All of these, however, are quite small users of the technique, so that their increases did not weigh heavily in the average.

Apart from those individual industries, there was growth in direct premiums in another important category—Distributors & Wholesalers, up 16.6 percent. Their usage, $31,840,000 in 1982, is larger than the five industries mentioned above, combined. It appears that many middlemen moved aggressively last year to provide their own motivation at the consumer level, to take up the slack where manufacturers were holding back.

Another area of premium usage not

included in the main averages is that of promotion by retailers, which added $2,008,000,000 to the total in 1982, five percent higher than their spending the year before.

More than half of that expenditure is attributed to supermarkets and other grocery retailers—$1,018,000,000—with the remaining $990,000,000 spent by all other types of retail outlets.

The categories of promotion by retailers differ from those of other industry groups. The two largest elements are trading stamps and continuity promotions. Trading stamps are estimated at a total of $507,000,000 for 1982, with more than 80 percent in the grocery field. The grocers are also the almost-exclusive users of continuities—promotions that offer a series of related items, usually one piece a week for 12 to 15 weeks, at special prices with indicated minimum grocery purchases.

The five-percent increase in dollar spending for retailers' premium promotions represents a slight pull-back from earlier expansion rates—but these promotions have tended to show a relatively low growth rate for several years.

In almost all industries, consumer incentive promotion, although inevitably reacting to recession, has generally performed better than in similar periods in the past. The 1982 estimates, while showing a decline in real promotional effort, did not bring enough shrinkage to result in negative dollar figures—and it now appears certain that there will not be a second-year decline like that experienced in 1974 and '75.

Recovery, though delayed beyond most marketers' expectations, is under way—and early reports on this year's incentive activity show an upturn that tells us the motivational techniques are getting back to work at a good rate. Consumers are ready to buy again—and thus open to incentive stimulus again. ■

CONSUMER PREMIUMS: WHAT THEY CAN DO

(% OF USERS WHO CONSIDER EACH TECHNIQUE "MOST EFFECTIVE" FOR REACHING SPECIFIED GOAL)

GET SHELF ATTENTION	1981	1982
SELF-LIQUIDATOR	16%	14%
FREE MAIL-IN	19%	17%
SWEEPSTAKES	16%	13%
COUPON PLAN	4%	9%
DIRECT PREMIUM	10%	14%
FACTORY-PACK	33%	35%

SELL IN TO DEALERS	1981	1982
SELF-LIQUIDATOR	7%	14%
FREE MAIL-IN	8%	11%
SWEEPSTAKES	19%	11%
COUPON PLAN	13%	7%
DIRECT PREMIUM	31%	33%
FACTORY-PACK	22%	24%

BOOST REPEAT SALES	1981	1982
SELF-LIQUIDATOR	23%	20%
FREE MAIL-IN	20%	22%
SWEEPSTAKES	6%	12%
COUPON PLAN	27%	22%
DIRECT PREMIUM	16%	16%
FACTORY-PACK	18%	8%

BE A SALES TALKING POINT		
SELF-LIQUIDATOR	8%	10%
FREE MAIL-IN	15%	17%
SWEEPSTAKES	20%	31%
COUPON PLAN	12%	13%
DIRECT PREMIUM	23%	17%
FACTORY-PACK	22%	12%

BUILD USER GOODWILL		
SELF-LIQUIDATOR	20%	21%
FREE MAIL-IN	22%	25%
SWEEPSTAKES	7%	12%
COUPON PLAN	15%	16%
DIRECT PREMIUM	22%	17%
FACTORY-PACK	14%	9%

GAIN AD READERSHIP		
SELF-LIQUIDATOR	8%	11%
FREE MAIL-IN	24%	30%
SWEEPSTAKES	40%	41%
COUPON PLAN	12%	9%
DIRECT PREMIUM	14%	8%
FACTORY-PACK	2%	1%

OBTAIN STORE DISPLAYS		
SELF-LIQUIDATOR	16%	18%
FREE MAIL-IN	8%	8%
SWEEPSTAKES	16%	17%
COUPON PLAN	6%	8%
DIRECT PREMIUM	21%	22%
FACTORY-PACK	32%	27%

SAMPLE NEW USERS		
SELF-LIQUIDATOR	14%	17%
FREE MAIL-IN	47%	44%
SWEEPSTAKES	5%	9%
COUPON PLAN	6%	4%
DIRECT PREMIUM	19%	13%
FACTORY-PACK	9%	13%

COST/EFFECTIVENESS		
SELF-LIQUIDATOR	38%	40%
FREE MAIL-IN	14%	12%
SWEEPSTAKES	14%	15%
COUPON PLAN	8%	6%
DIRECT PREMIUM	12%	12%
FACTORY-PACK	14%	15%

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Incentive Marketing

INCORPORATING INCENTIVE TRAVEL

FEBRUARY 1984

1984 Incentive Resource Guide

Manufacturers · Reps · Service Companies · Trade Associations

Special Section:

Camera Makers Focus On Premium Sales

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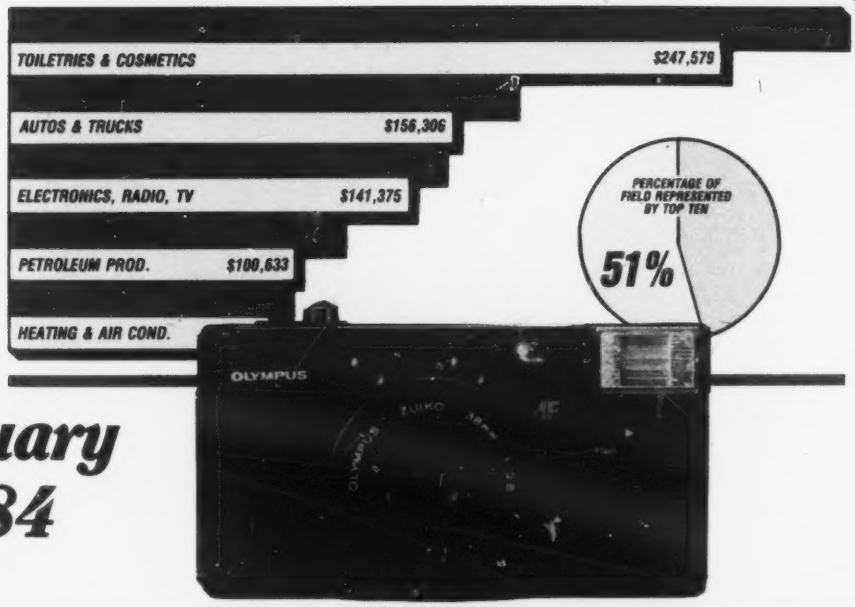
TOP TEN MERCHANDISE TRADE INCENTIVE USERS



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A Cautious Year, as Buyers Wait for the Recovery

Incentive users ended 1983 with total spending up just 6.8 percent, topping $10 billion for the first time. But given the inflation rate, the results indicated a measurable growth for the first time in several years.

Economic recovery last year brought a moderate upturn in premium and incentive usage—but less than a really vigorous marketing effort might have generated.

In most industries, few vigorous marketing efforts were visible in 1983. American business entered the year with trepidation and skepticism about a recovery. Only after several months did it become really clear that there was something important happening—something that would wind up with more than six-percent growth in gross national product.

Incentive effort went a shade beyond that growth rate, with an estimated 6.8-percent increase in expenditures last year. The total, passing the $10-billion milestone for the first time, came to $10,440,117,000, compared with the $9,779,217,000 estimated for 1982.

Given an inflation rate estimated in the area of 3.5 percent for the year, the results indicate a measurable real growth for the first time in a few years. The expansion was slightly less than the 7.2 percent **IM** had forecast a year ago—a difference probably attributable to an inflation level lower than users had expected.

There were no big winners or losers among the various incentive forms. In fact, the year-to-year movement was remarkably uniform. Advances ranged from 6.8 percent for consumer mail-in promotions to 8.2 percent for sales incentive travel. Only retail premiums fell outside that narrow range, with trading stamps increasing just 4.5 percent and other retail promotion up only 3.5 percent.

There were some wider variations among user industries. The only four fields to show any significant growth in 1982 usage also stayed strong last year. Insurance companies, who had led the field with a 1982 expansion of 8.7 percent in incentive spending, added another 8.2 percent in '83, for a new estimated total outlay of $374,718,000. The runner-up in the previous year with an 8.3-percent increase—office equipment—last year spent 7.8 percent more, reaching a total of $175,169,000 in 1983.

THE INCENTIVE FIELD AT A GLANCE

	1982 EXPENDITURES	% CHANGE	1983 EXPENDITURES	% CHANGE
Sales Incentives	$2,312,145	5.6	$ 2,489,169	7.7
Merchandise	1,760,893	5.2	1,892,694	7.5
Travel	551,252	7.1	596,475	8.2
Dealer Incentives	$1,697,420	3.3	$ 1,823,227	7.4
Merchandise	1,122,693	2.9	1,207,834	7.6
Travel	574,727	4.1	615,393	7.1
Merchandise Total	$2,883,586	4.3	$ 3,100,528	7.5
Travel Total	$1,125,979	5.6	$ 1,211,868	7.6
Trade Total	$4,009,565	4.6	$ 4,312,396	7.6
Consumer Premiums	$2,804,652	2.5	$ 3,009,721	7.3
Mail-In Promotions	1,426,862	3.7	1,524,432	6.8
Other Premiums	1,377,790	1.2	1,485,289	7.8
Trading Stamps	$ 507,000	5.0	$ 530,000	4.5
Other Retail	$1,501,000	5.0	$ 1,554,000	3.5
Business Gifts	$ 957,000	8.8	$ 1,034,000	8.0
TOTAL USAGE	$9,779,217	4.5	$10,440,117	6.8

ALL FIGURES: 000 OMITTED

The other two principal gainers in the previous year expanded their incentive expenditures at higher rates in 1983. Industrial Chemicals quickened the pace from 6.8 percent to 7.7 percent at $64,533,000. Publishers and Broadcasters, who had expanded premium offerings 6.3 percent in 1982, increased their budgets last year by 7.4 percent, to $167,963,000.

At the other end of the scale, financial institutions continued their interest-rate promotion binge, but with a less steep drop in incentive spending last year. Banks and Savings & Loans in '82 had slashed 29.1 percent. In 1983, they retrenched by another 6.3 percent, to $144,459,000.

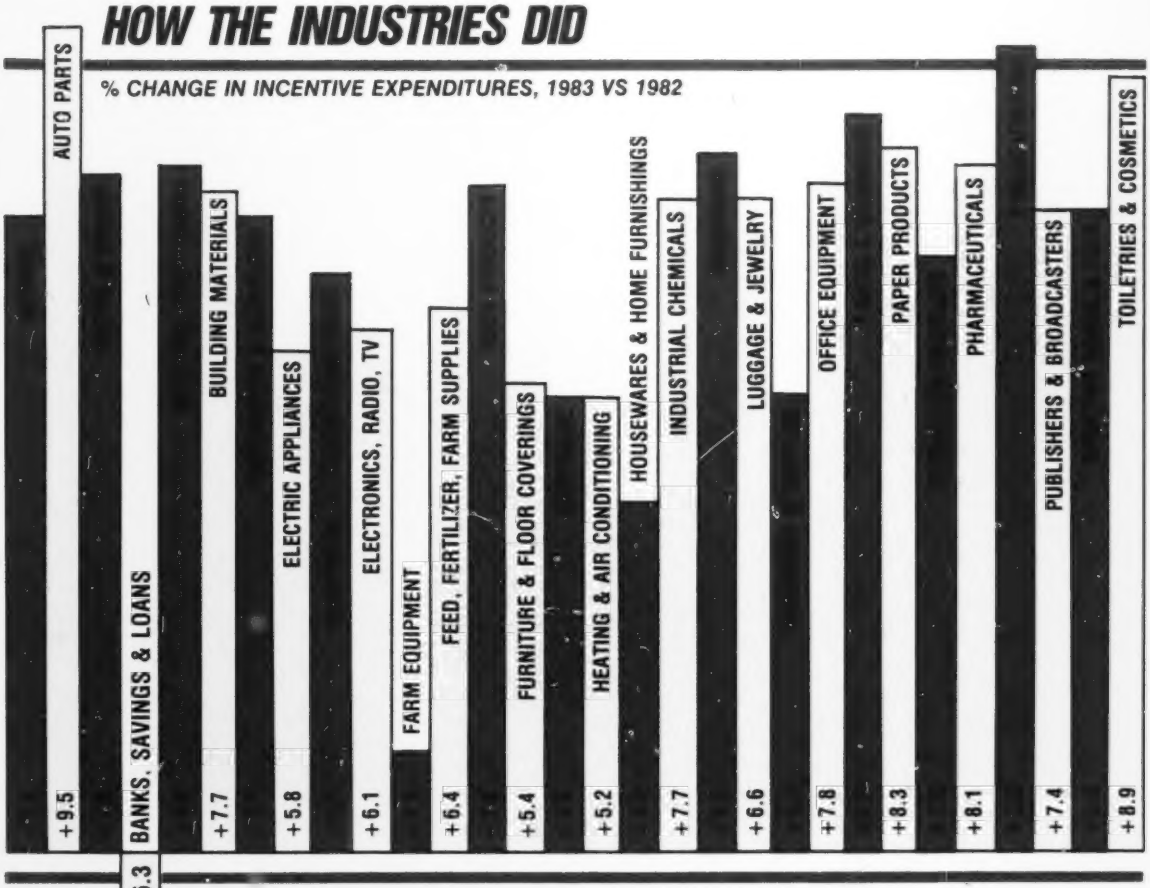
No other industries posted dollar declines last year, but the makers of farm equipment came closest to a standstill position with a 1.3-percent increase in expenditures. While agribusiness showed signs of a reasonable recovery, the effects had clearly not yet shown up as improvement in sales prospects for farm equipment. In 1983, farm equipment manufacturers spent an estimated $183,080,000 for incentives. Their promotion to dealers showed some increase, but they cut back motivational programs for salespeople.

The automotive industries provided the largest growth in 1983 expenditures. Auto & truck manufacturers increased their usage by 7.8 percent to $260,622,000, but the larger category of original and aftermarket equipment grew even more, up 9.5 percent. Auto Parts, Tires & Accessories accounted for incentive spending of $487,737,000 in 1983. Between them, the two automotive groups pumped an extra $61 million into the incentive market last year. As sales improved in the second half and manufacturers set some very optimistic production goals for the last quarter, it was expected they would enter 1984 at a strong promotional pace.

Food Processors outdid the automotive industry in sheer dollar power, increasing their promotional budget by a bit more than $75 million, or 7.9 percent, to go over the billion mark for the first time—$1,034,386,000. The retail end of the food business did not keep pace, however, and retail grocers increased their premium efforts by only four percent to an estimated $1,059,000,000.

Seven of the 30 industry groups tabulated upped their incentive spending by more

HOW THE INDUSTRIES DID



Fueled by the end of year recovery, the auto industries provided 1983's biggest gains. Auto & truck manufacturers hiked spending 7.8 percent, while the auto aftermarket companies put on a 9.5-percent increase.

than eight percent last year. In addition to the insurance and auto parts fields already mentioned, they were Public Utilities (9.2 percent); Toiletries & Cosmetics (8.9 percent); Paints & Varnishes (8.7 percent); Paper Products & Packaging (8.7 percent); and Pharmaceuticals (8.1 percent).

The biggest users—those estimated at $200 million a year or more in usage—are the same seven industries reported for 1982, and in the same order. As they did a year ago, they account for 39 percent of the volume of incentive expenditures reported:

- **Retail Grocers $1,059,000,000**
- **Food Products 1,034,386,000**
- **Toiletries & Cosmetics 558,235,000**
- **Auto Parts, Tires, Accessories 487,737,000**
- **Insurance 374,718,000**
- **Electronics, Radio & TV 293,450,000**
- **Automobiles & Trucks 260,622,000**

There were several changes in 1983 among the Top Ten users of consumer premiums. Office Equipment moved into the tenth position, displacing Feed, Fertilizer & Farm Supplies. Some others shifted position: Beer, Ale & Soft Drinks moved a step above Housewares & Home Furnishings, an industry that increased its total spending only four percent overall, while the beverages added 7.9 percent to their incentive budget. Detergents & Cleansers dropped from sixth place to seventh, nosed out by Auto Parts, Tires & Accessories, the fastest-growing user industry last year in all incentive categories.

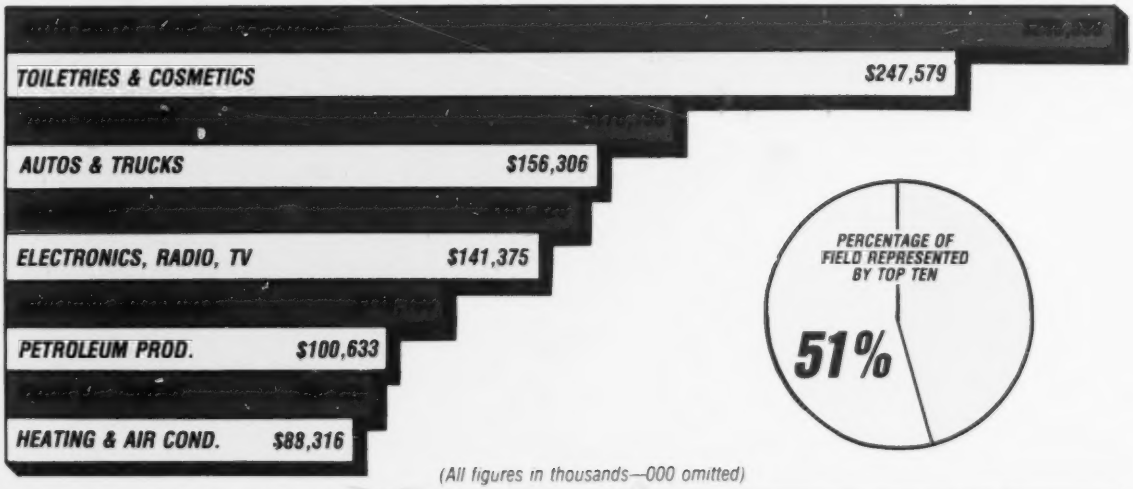
On the trade incentive side, Petroleum Products climbed a notch over the slumping Farm Equipment industry in merchandise expenditures, to become the seventh largest user.

Only among incentive travel users did perfect stability prevail in the ranks of the Top Ten, with Insurance far in front. These ten industries also represent the largest share of total usage in any category—67 percent of all travel dollars.

Among incentive techniques, sales force incentives last year increased more than the other two major categories—but the difference was minute: 7.7 percent, as compared with a 7.4-percent growth in dealer promotion and 7.3 percent for consumer premiums.

The 1983 estimated total of all sales incentive spending comes to $2,489,169,000. Of that, $1,892,694,000 was for merchandise awards and the remaining $596,475,000 for travel, 24 percent of the total. Travel growth was

TOP TEN MERCHANDISE TRADE INCENTIVE USERS (1983)



(All figures in thousands—000 omitted)

Food products became the first industry to spend more than $1 billion on incentive motivation, when it hiked spending 7.9 percent in 1983. About 80 percent of the money goes into consumer premiums.

a bit higher—8.2 percent—than merchandise, which rose by 7.5 percent.

During the recession years of 1981 and 1982, sales incentives had grown at a considerably more rapid pace than either consumer or dealer promotion—a characteristic trend in a recession period, when users exert the maximum motivational force to get their goods into the distribution channels. Thus the pick-up of other promotion types in the 1983 usage, relative to sales incentives, is another index of a recovery.

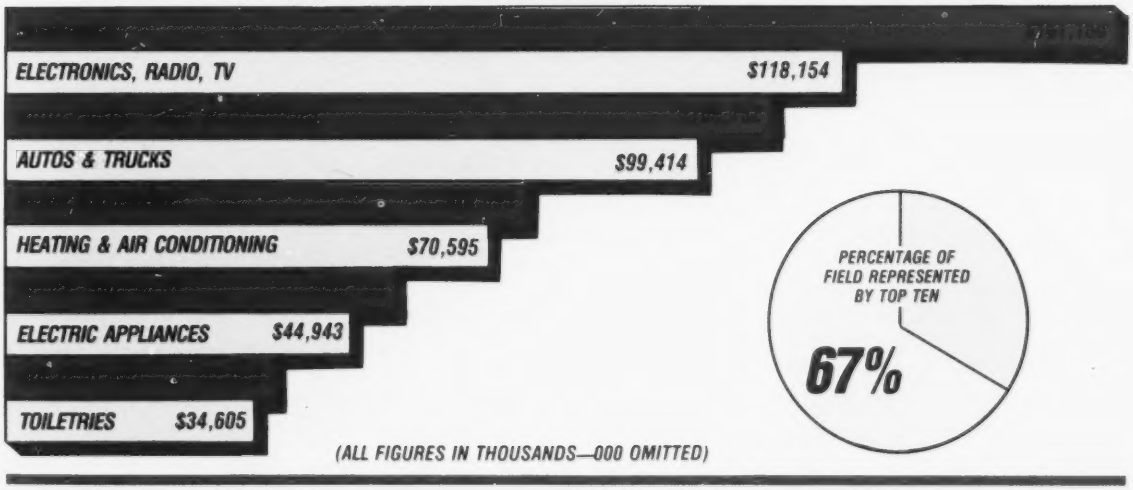
Dealer incentives, which usually are not far behind sales incentives in a recession, lagged in 1982—increasing at only 3.3 percent above the previous year. But in '83 they came back closer to parity, with a 7.4-percent rise to total usage of $1,823,227,000. An estimated $1,207,834,000 of that was spent for merchandise promotion, up 7.6 percent, while travel programs advanced 7.1 percent to $615,393,000.

There were no outstanding differences in 1983 growth in trade incentives, compared with consumer promotion in the same industry—with the exception of Banks and Savings & Loans. The financial institutions, following a 1982 pattern of severe cutback in all premium promotion, shifted slightly last year. While consumer offers to their depositors continued to decline, down another 9.1 percent, bankers accelerated their internal promotional efforts, with a 4.9-percent increase in sales force incentives.

Consumer activity last year showed an estimated overall increase of 7.3 percent, compared with only a 2.5-percent advance in 1982. That brought the '83 total to $3,009,721,000. Expenditures were split almost equally between mail-ins and all other premiums. Mail-ins (self-liquidators, free mail-in offers, and sweepstakes & contests) accounted for $1,524,432,000. Other premiums (direct premiums, factory-packs, and coupon plans) totaled an estimated $1,485,289,000. The figures represent a slightly greater expansion—7.8 percent for the direct group, compared with the mail-ins' increase of 6.8 percent.

This grouping of consumer promotion types—in two broader categories rather than six—is a new method of reporting adopted this year to improve data clarity and accuracy. Recently, traditional divisions have become increasingly less distinct. The term "self-liquidator," for example, has become a major element in bank promotion—although few such offers are mail-ins, as the term used to connote. "Direct premiums" suggest a retail-store situation, yet many users construe it in terms of mail promotion. Mail-in self-liquidators

TOP TEN INCENTIVE TRAVEL USERS (1983)



(ALL FIGURES IN THOUSANDS—000 OMITTED)

and free offers have tended to blend together, with some promotions fitting both terms. The relatively recent term, "near-pack," used for a direct premium in the grocery field, was often reported with "factory-pack" expenditures.

In addition, the fine breakdown of categories has always presented a problem of accuracy in some industries, where incidence of a given technique may be so small that projecting estimates is very difficult.

Our special surveys will continue to segregate incentive promotion types in studying users' practices, but overall estimates of expenditures will be concentrated in the two main groups.

Within the two categories, usage has generally been divided quite consistently over the years, with only minor year-to-year variations. The only possible exception was the case of free mail-ins during the period of their rapid growth. In the Mail-In Promotion classification, 1982 estimates showed 61 percent of expenditures for self-liquidators, 27 percent for free offers, and 12 percent for sweepstakes & contests. In Other Premiums, 50 percent went to direct premiums, 28 percent to factory-packs (on-pack, in-pack, and container premiums) and the remaining 22 percent was spent for coupon plans.

Another major area of consumer promotional activity, but separately reported, is that of retail premiums—those offered at retail by dealers to their customers. Trading stamps, the biggest single element here, showed a rather small growth of 4.5 percent in 1983, compared with a five-percent expansion the year before. The new estimate of total stamp volume is $530,000,000.

All other retail incentive promotion rose only 3.5 percent last year, to an estimated $1,554,000,000. This grouping counts all non-stamp supermarket promotion, including continuities, and a wide range of offers by other types of retailers.

The retail volume may also be divided in another manner. Grocery retailers last year spent about $1,059,000,000. That represented a rise of four percent. All other types of retailers expanded premium effort by 3.5 percent to $1,025,000,000.

In an area that embraces both trade incentives and, to a lesser degree, consumer promotion—business gifts—1983 showed the greatest increase in usage, eight percent. The year's estimated expenditure was $1,034,000,000—the first time this category has gone over a billion dollars in one year. Legislation now pending in Congress could increase the allowable tax deduction per business gift from $25 to $100. If this bill becomes law—catching up with inflation since the old limit was set in 1962—it could influence even more growth in gift expenditures in the next year or two.

With or without legislation, the outlook for all types of incentive usage this year appears favorable. The economic recovery will continue through 1984—although, economists tell us, at a somewhat reduced rate—and many marketers who have been benumbed by the recession and the uncertain beginnings of recovery should be on the move in the next months. ■

	EXPENDITURES 1983	% CHANGE PRIOR YEAR	EXPENDITURES 1982	% CHANGE PRIOR YEAR
MISCELLANEOUS INDUSTRIES	**$991,907,000**	**+ 8.8%**	**$911,607,000**	**+ 5.3%**
TRADE INCENTIVES				
Sales Force Merchandise	$230,663,000	+ 9.1%	$211,364,000	+ 6.2%
Travel	$ 61,888,000	+ 8.8%	$ 56,884,000	+ 6.3%
Dealer Merchandise	$171,246,000	+ 9.0%	$157,142,000	+ 4.0%
Travel	$ 76,140,000	+ 8.1%	$ 70,444,000	+ 4.6%
CONSUMER PREMIUMS				
Mail-In Promotions	$215,152,000	+ 8.7%	$197,878,000	+ 5.7%
Other Premiums	$236,818,000	+ 8.7%	$217,895,000	+ 4.9%
DISTRIBUTORS & WHOLESALERS	**$775,054,000**	**+ 9.4%**	**$708,630,000**	**+ 6.3%**
TRADE INCENTIVES				
Sales Force Merchandise	$255,192,000	+ 8.9%	$234,364,000	+ 5.9%
Travel	$ 18,347,000	+11.8%	$ 16,407,000	+ 9.2%
Dealer Merchandise	$105,259,000	+ 8.9%	$ 96,692,000	+ 4.1%
Travel	$ 14,538,000	+12.3%	$ 12,941,000	+ 7.7%
CONSUMER PREMIUMS				
Mail-In Promotions	$224,882,000	+ 9.4%	$205,510,000	+ 6.6%
Other Premiums	$156,836,000	+ 9.9%	$142,716,000	+ 7.5%

	EXPENDITURES 1983	% CHANGE PRIOR YEAR	EXPENDITURES 1982	% CHANGE PRIOR YEAR
APPAREL	**$ 39,186,000**	**+ 7.1%**	**$ 36,601,000**	**+ 1.5%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 9,321,000	+ 6.3%	$ 8,770,000	+ 1.1%
Travel	$ 2,390,000	+ 9.3%	$ 2,186,000	+ 1.8%
Dealer Merchandise	$ 6,671,000	+ 7.8%	$ 6,186,000	− 0.1%
Travel	$ 134,000	+10.7%	$ 121,000	+ 3.4%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 9,156,000	+ 5.7%	$ 8,664,000	+ 5.6%
Other Premiums	$ 11,514,000	+ 7.9%	$ 10,674,000	+ 0.1%
AUTO PARTS, TIRES	**$487,737,000**	**+ 9.5%**	**$445,546,000**	**+ 4.3%**
TRADE INCENTIVES				
Sales Force Merchandise	$146,560,000	+ 8.2%	$135,468,000	+ 5.6%
Travel	$ 61,718,000	+10.6%	$ 55,824,000	+11.8%
Dealer Merchandise	$152,038,000	+10.3%	$137,827,000	+ 1.4%
Travel	$ 48,034,000	+ 9.4%	$ 43,919,000	+ 3.4%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 57,994,000	+ 9.8%	$ 52,837,000	+ 2.7%
Other Premiums	$ 21,393,000	+ 8.8%	$ 19,671,000	+ 4.8%
AUTOS & TRUCKS	**$260,622,000**	**+ 7.8%**	**$241,726,000**	**+ 3.0%**
TRADE INCENTIVES				
Sales Force Merchandise	$112,310,000	+ 7.5%	$104,461,000	+ 3.1%
Travel	$ 19,204,000	+ 7.4%	$ 17,881,000	+ 5.5%
Dealer Merchandise	$ 43,996,000	+ 9.8%	$ 40,052,000	+ 2.9%
Travel	$ 80,210,000	+ 7.9%	$ 74,316,000	+ 2.1%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 2,490,000	− 4.8%	$ 2,616,000	+13.6%
Other Premiums	$ 2,412,000	+ 0.5%	$ 2,400,000	+ 6.0%
BANKS, SAVINGS & LOANS	**$144,455,000**	**− 6.3%**	**$154,131,000**	**−29.1%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 29,815,000	+ 4.9%	$ 28,418,000	−15.2%
Travel	$ 2,120,000	+ 4.3%	$ 2,033,000	−27.0%
Dealer Merchandise	$ 2,293,000	+ 1.4%	$ 2,262,000	−25.1%
Travel	$ 281,000	+ 6.8%	$ 263,000	−24.9%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 22,840,000	− 8.3%	$ 24,910,000	−10.5%
Other Premiums	$ 87,110,000	− 9.5%	$ 96,245,000	−35.7%
BEER, ALE, SOFT DRINKS	**$148,027,000**	**+ 7.9%**	**$137,235,000**	**+ 5.1%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 33,181,000	+ 6.3%	$ 31,207,000	+ 4.4%
Travel	$ 8,633,000	+ 7.8%	$ 8,011,000	+ 3.9%
Dealer Merchandise	$ 17,214,000	+ 7.6%	$ 15,997,000	+ 6.0%
Travel	$ 3,899,000	+ 2.8%	$ 3,791,000	+ 3.4%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 50,088,000	+ 8.2%	$ 46,284,000	+ 5.5%
Other Premiums	$ 35,012,000	+ 9.6%	$ 31,945,000	+ 5.2%

	EXPENDITURES 1983	% CHANGE PRIOR YEAR	EXPENDITURES 1982	% CHANGE PRIOR YEAR
BUILDING MATERIALS	**$182,888,000**	**+ 7.9%**	**$169,760,000**	**+ 4.6%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 70,213,000	+ 6.1%	$ 66,204,000	+ 2.3%
Travel	$ 20,009,000	+ 10.5%	$ 18,111,000	+ 6.7%
Dealer Merchandise	$ 45,952,000	+ 10.0%	$ 41,773,000	+ 4.5%
Travel	$ 17,667,000	+ 8.8%	$ 16,239,000	+ 9.5%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 18,214,000	+ 4.7%	$ 17,399,000	+ 9.1%
Other Premiums	$ 10,833,000	+ 8.0%	$ 10,034,000	+ 1.7%
DETERGENTS & CLEANERS	**$150,179,000**	**+ 7.5%**	**$139,670,000**	**+ 3.3%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 70,213,000	+ 6.1%	$ 66,204,000	+ 2.3%
Travel	$ 20,009,000	+ 10.5%	$ 18,111,000	+ 6.7%
Dealer Merchandise	$ 45,952,000	+ 10.0%	$ 41,773,000	+ 4.5%
Travel	$ 17,667,000	+ 8.8%	$ 16,239,000	+ 9.5%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 18,214,000	+ 4.7%	$ 17,399,000	+ 9.1%
Other Premiums	$ 10,833,000	+ 8.0%	$ 10,034,000	+ 1.7%
ELECTRIC APPLIANCES	**$111,563,000**	**+ 5.8%**	**$105,456,000**	**+ 5.1%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 70,213,000	+ 6.1%	$ 66,204,000	+ 2.3%
Travel	$ 20,009,000	+ 10.5%	$ 18,111,000	+ 6.7%
Dealer Merchandise	$ 45,952,000	+ 10.0%	$ 41,773,000	+ 4.5%
Travel	$ 17,667,000	+ 8.8%	$ 16,239,000	+ 9.5%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 18,214,000	+ 4.7%	$ 17,399,000	+ 9.1%
Other Premiums	$ 10,833,000	+ 8.0%	$ 10,034,000	+ 1.7%
ELECTRICAL & LIGHTING	**$ 69,231,000**	**+ 6.7%**	**$ 64,871,000**	**+ 2.2%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 70,213,000	+ 6.1%	$ 66,204,000	+ 2.3%
Travel	$ 20,009,000	+ 10.5%	$ 18,111,000	+ 6.7%
Dealer Merchandise	$ 45,952,000	+ 10.0%	$ 41,773,000	+ 4.5%
Travel	$ 17,667,000	+ 8.8%	$ 16,239,000	+ 9.5%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 18,214,000	+ 4.7%	$ 17,399,000	+ 9.1%
Other Premiums	$ 10,833,000	+ 8.0%	$ 10,034,000	+ 1.7%
ELECTRONICS, RADIO, TV	**$293,450,000**	**+ 6.1%**	**$276,556,000**	**+ 5.7%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 70,213,000	+ 6.1%	$ 66,204,000	+ 2.3%
Travel	$ 20,009,000	+ 10.5%	$ 18,111,000	+ 6.7%
Dealer Merchandise	$ 45,952,000	+ 10.0%	$ 41,773,000	+ 4.5%
Travel	$ 17,667,000	+ 8.8%	$ 16,239,000	+ 9.5%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 18,214,000	+ 4.7%	$ 17,399,000	+ 9.1%
Other Premiums	$ 10,833,000	+ 8.0%	$ 10,034,000	+ 1.7%

	EXPENDITURES 1983	% CHANGE PRIOR YEAR	EXPENDITURES 1982	% CHANGE PRIOR YEAR
FARM EQUIPMENT	**$183,080,000**	**+ 1.3%**	**$180,737,000**	**– 0.6%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 24,936,000	+ 0.2%	$ 24,881,000	– 1.6%
Travel	$ 22,014,000	+ 1.4%	$ 21,715,000	+ 1.4%
Dealer Merchandise	$ 71,322,000	+ 0.6%	$ 70,880,000	– 2.1%
Travel	$ 54,881,000	+ 2.4%	$ 53,617,000	+ 0.8%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 4,731,000	+ 1.9%	$ 4,643,000	+ 1.5%
Other Premiums	$ 5,196,000	+ 3.9%	$ 5,001,000	+ 2.0%
FEED, FERTILIZER, SUPPLIES	**$155,689,000**	**+ 6.4%**	**$146,331,000**	**+ 4.2%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 25,910,000	+ 7.4%	$ 24,121,000	– 5.0%
Travel	$ 10,550,000	+ 8.6%	$ 9,717,000	+ 1.5%
Dealer Merchandise	$ 41,015,000	+ 4.9%	$ 39,103,000	+ 3.6%
Travel	$ 17,683,000	+ 8.9%	$ 16,233,000	+ 6.0%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 14,552,000	+ 4.9%	$ 13,877,000	+ 4.8%
Other Premiums	$ 45,979,000	+ 6.2%	$ 43,280,000	+ 4.8%
FOOD PRODUCTS	**$1,034,386,000**	**+ 7.9%**	**$958,834,000**	**+ 5.5%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 97,108,000	+ 10.0%	$ 88,274,000	+ 10.0%
Travel	$ 17,325,000	+ 8.0%	$ 16,044,000	+ 10.8%
Dealer Merchandise	$ 79,048,000	+ 7.5%	$ 73,536,000	+ 2.5%
Travel	$ 6,425,000	+ 8.5%	$ 5,921,000	+ 4.8%
CONSUMER PREMIUMS				
Mail-In Promotions	$461,256,000	+ 7.3%	$429,959,000	+ 7.2%
Other Premiums	$373,224,000	+ 8.1%	$345,100,000	+ 3.1%
FURNITURE & FLOORING	**$ 66,830,000**	**+ 5.4%**	**$ 63,393,000**	**+ 5.9%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 11,124,000	+ 4.8%	$ 10,611,000	+ 12.4%
Travel	$ 3,203,000	+ 5.5%	$ 3,035,000	+ 6.3%
Dealer Merchandise	$ 28,125,000	+ 4.6%	$ 26,883,000	+ 6.0%
Travel	$ 14,600,000	+ 8.4%	$ 13,468,000	+ 2.5%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 5,885,000	+ 4.0%	$ 5,661,000	+ 4.9%
Other Premiums	$ 3,893,000	+ 4.2%	$ 3,735,000	+ 2.1%
HARDWARE	**$ 25,575,000**	**+ 5.2%**	**$ 24,306,000**	**+ 1.1%**
TRADE INCENTIVES				
Sales Force Merchandise	$ 6,634,000	+ 6.2%	$ 6,247,000	+ 2.4%
Travel	$ 1,724,000	+ 2.1%	$ 1,688,000	+ 3.4%
Dealer Merchandise	$ 7,815,000	+ 5.5%	$ 7,411,000	+ 0.5%
Travel	$ 683,000	+ 4.8%	$ 652,000	– 3.3%
CONSUMER PREMIUMS				
Mail-In Promotions	$ 4,778,000	+ 5.9%	$ 4,510,000	+ 1.6%
Other Premiums	$ 3,941,000	+ 3.8%	$ 3,798,000	– 0.1%